2013
Annual Report & Accounts

RC. 42899

UNITRUST INSURANCE CO. LTD.

...The Quiet Confidence

Unitrust Insurance Company Limited

Consolidated and Separate Financial Statements

31 December 2013

Contents

Corporate information

Chairman	Gen. T. Y. Danjuma (Rtd.) G.C.O.N.
Directors	Mr. J. El-Matni Mr. M. V. Allam Mr. Anthony Atrib Mrs. Grace E. Danjuma Professor J.O. Irukwu Mr. C.U. Nwajiuba Mr. J.M. Taktouk Mr. Gilbert Ramez Chagoury * ** Appointed effective 27 February 2013*
Corporate Office	Unitrust Insurance Company Limited Plot 105B Ajose Adeogun Street Victoria Island , Lagos Telephone: 01-4617031-2, 4626850-2, 2701167-9 Email:info@unitrust insurance.net Website: www.unitrustinsurance.net
Auditors	KPMG Professional Services, KPMG Tower, Bishop Aboyade Cole Street, Victoria Island, Lagos. Tel: +234 1 463 0291-3 www.kpmg.com/ng
Company Secretary	Marina Nominees Limited Aret Adams House 233 Ikorodu Road, Ilupeju Lagos FRC/2013/00000000001506 08023544649, 08106646882
Bankers	Access Bank Plc First City Monument Bank Plc Guaranty Trust Bank Plc Zenith Bank Plc First Bank of Nigeria Limited Standard Chartered Bank Plc Stanbic IBTC Bank Diamond Bank Plc Union Bank of Nigeria Plc Skye Bank Plc Citibank Nigeria Limited United Bank for Africa Plc Keystone Bank Limited Sterling Bank Limited Ecobank Nigeria Plc Bank of Beirut Byblos Bank Europe
Re-insurers	African Reinsurance Corporation Continental Reinsurance Plc Munich Reinsurance Company Nigeria Reinsurance Corporation Waica Reinsurance Corporation Plc Sterling Reinsurance
Actuary	HR Nigeria Limited FRC/NAS/00000000738
Estate valuer	Paul Osaji & Co. Estate Surveyors 25a, Kofo Abayomi Street, Victoria Island , Lagos FRC/2013/00000000001098 info@paulosajiandco-ng.com www.paulosajiandco.com 01-8760571, 7402069,

Directors' Report
For the year ended 31 December 2013

The directors are pleased to present their report on the affairs of Unitrust Insurance Company Limited ("the Company") and subsidiary company ("the Group"), together with the audited financial statements and the auditor's report for the year ended 31 December 2013.

Legal form and principal activity

The Company was incorporated on 9 November 1981 as a private limited liability company "Union Nigeria Insurance Company Limited". The Company's name was changed to Unitrust Insurance Company Limited on 3 May 1983 and obtained a general insurance license from the National Insurance Commission on 13 August 1986. In January 1999, the Company also obtained a license to carry out life insurance business. Following the recapitalisation exercise in February 2007, the Company focused on its general insurance business and discontinued its life.

The Company's principal activity continues to be provision of risk underwriting and related financial services to its customers. Such services include provision of general insurance services to both corporate and individual customers.

The Company has one wholly owned subsidiary, Unitrust Global Assets Management Limited. The subsidiary was incorporated as a private limited liability company on 9 January 2001 and its principal activity involves provision of property management services to both individual and corporate clients.

The financial results of the subsidiary have been consolidated in these financial statements.

Operating results

The following is a summary of the Group's and Company's operating results for the year ended 31 December 2013:

	Group 2013 ₦'000	Group 2012 ₦'000	Company 2013 ₦'000	Company 2012 ₦'000
Gross earnings	4,651,915	4,508,048	4,639,586	4,494,905
Gross premium written	3,023,935	3,170,364	3,023,935	3,170,364
Profit before taxation	1,894,502	741,689	1,892,738	736,180
Taxation	(515,461)	(45,111)	(511,780)	(41,925)
Profit after taxation	1,379,041	696,578	1,380,958	694,255
Total comprehensive income for the year	1,590,205	334,421	1,592,122	332,098
Transfer to contingency reserve	276,192	138,851	276,192	138,851
Transfer to retained earnings	1,102,849	557,727	1,104,766	555,404
	1,379,041	696,578	1,380,958	694,255
Earnings per share - Basic & diluted (kobo)	42	21	42	21

Proposed dividend

The Board of Directors recommended a dividend of ₦1.09 billion for the year ended 31 December 2013 (2012:₦660 million). Withholding tax will be deducted at the time of payment.

Directors' Report
For the year ended 31 December 2013

Directors and their interests

The directors of the Company who held office during the year together with their direct and indirect interest in the share capital of the Company as recorded in the register of directors' shareholding and/or as notified by the directors for the purposes of sections 275 and 276 of the Companies and Allied Matters Act Cap C20, Laws of the Federation of Nigeria 2004 were as follows:

		(Number of ordinary shares held)			
		2013 Direct	2013 Indirect	2012 Direct	2012 Indirect
Gen. T. Y. Danjuma (Rtd.) G.C.O.N.	- Chairman	760,473,380	12,214,768	760,473,380	12,214,768
J. El-Matni (Lebanese)	- Managing Director	-	-	-	-
Mr. M. V. Allam	- Non Executive	-	166,943,684	-	166,943,684
Mr. Anthony Atrib	- Non Executive	-	1,030,061,332	-	1,030,061,332
Mrs. Grace E. Danjuma	- Non Executive	110,622,165	-	110,622,165	-
Professor J.O. Irukwu	- Non Executive	11,857,616	-	11,857,616	-
Mr. C.U. Nwajiuba	- Non Executive	-	117,412,632	-	117,412,632
Mr. J.M. Taktouk	- Non Executive	-	410,063,579	-	410,063,579
Mr. Gilbert Ramez Chagoury (British)	- Non Executive	331,949,594	-	331,949,594	-

Appointment of new directors

Following the exit of two directors in 2012 and in order to strengthen the composition of the Board, Mr. Gilbert Ramez Chagoury was appointed a director of the Company by the Board with effect from 27 February 2013.

Significant shareholding

The Company's authorised share capital is ₦5 billion divided into 5 billion ordinary shares of ₦1 each, of which 3.3 billion ordinary shares are issued and fully paid. According to the Register of Members, no shareholder other than the under-mentioned held more than 5% of the issued share capital of the Company as at 31 December 2013:

	2013		2012	
	No. of shares held	% Holding	No. of shares held	% Holding
Gen. T. Y. Danjuma (Rtd.) G.C.O.N.	772,688,148	25	772,688,148	25
Atmat Investments Limited	592,828,304	19	592,828,304	19
Wasseli Investments Limited	410,063,579	13	410,063,579	13
Chagoury Gilbert	331,949,594	11	331,949,594	11
Chagoury Ronald	331,949,594	11	331,949,594	11
Unitrust Investments Holdings Limited	259,368,779	9	259,368,779	9
Dan Mouchey Investments Limited	177,864,249	6	177,864,249	6
V.M.A.Investments Limited	166,943,684	5	166,943,684	5

Directors' Report
For the year ended 31 December 2013

Analysis of shareholding

The analysis of the distribution of the shares of the Company is as follows:

	31-Dec-2013			
Share range	**No of Shareholders**	**% of Shareholders**	**No. of Holding**	**% Holding**
1,000,000 – 100,000,000	4	29	40,524,040	1
100,000,001 – 200,000,000	4	29	560,627,962	17
200,000,001 – 400,000,000	3	21	923,267,967	28
Above 400,000,000	3	21	1,775,580,031	54
Total	14	100	3,300,000,000	100

	31-Dec-2012			
Share range	**No of Shareholders**	**% of Shareholders**	**No. of Holdings**	**% Holding**
1,000,000 – 100,000,000	4	29	40,524,040	1
100,000,001 – 200,000,000	4	29	560,627,962	17
200,000,001 – 400,000,000	3	21	923,267,967	28
Above 400,000,000	3	21	1,775,580,031	54
Total	14	100	3,300,000,000	100

Directors' interests in contracts

In accordance with Section 277 of the Companies and Allied Matters Act of Nigeria, none of the directors has notified the Company of any declarable interest in contracts or proposed contracts during the year.

Property and equipment

Information relating to changes in property and equipment is given in note 37 to the financial statements. In the directors' opinion, the market value of the Group's properties is not less than the carrying value shown in the financial statements.

Donations and charitable gifts

The Company identifies with the aspirations of the community as well as the environment within which it operates and made charitable donations to the under-listed organizations amounting to₦1,079,870 (2012: ₦1,713,378) during the year as follows:

Organisations:	**2013**	**2012**
	₦	**₦**
International Women Organisation for Charity	-	400,000
Lebanese Ladies Society	-	50,000
Bethesda Home for the blind	-	50,000
Fund Raising - Nigerian Conservation Foundation	-	200,000
Professional Insurers Ladies Association	-	150,000
General Secretariat of Lome, Togo & the Nigerian National Bureau	429,870	636,378
St. Kizito Children's party	150,000	100,000
Nigerian Institution of Estate Surveyors & Valuers	-	100,000
Lebanese Community School	-	27,000
Chatered Insurance Institute of Nigeria	250,000	-
Small World	250,000	-
	1,079,870	1,713,378

Directors' Report
For the year ended 31 December 2013

Human Resources

Employment of disabled persons

The Group operates a non-discriminatory policy in the consideration of applications for employment, including those received from disabled persons. The Group's policy is that the most qualified and experienced persons are recruited for appropriate job levels irrespective of the applicant's state of origin, ethnicity, religion or physical condition. In the event of any employee becoming disabled in the course of employment, the Group is in a position to arrange appropriate training to ensure the continuous employment of such a person without subjecting him/her to any disadvantage in his/her career development. As at 31 December 2013, the Group had one physically disabled person in its employment (2012: 1).

Health, safety and welfare of employees

The Group maintains business premises designed with a view to guaranteeing the safety and healthy living conditions of its employees and customers alike. Health, safety and fire drills are regularly organized to keep employees alert at all times. Employees are adequately insured against occupational hazards. In addition, the Group provides medical facilities to its employees and their immediate families at its expense.

Diversity in employment

The number and percentage of men and women employed during the financial year ended 31 December 2013 and the comparative year vis-à-vis the total work force is as follows:

	2013				
	Number			%	
	Male	Female	Total	Male	Female
Employees	65	50	115	57%	43%

	2012				
	Number			%	
	Male	Female	Total	Male	Female
Employees	71	58	129	55%	45%

Gender analysis of top management is as follows:

	2013				
	Number			%	
	Male	Female	Total	Male	Female
Assistant General Manager	1	2	3	9%	67%
Senior Manager	1	-	1	9%	0%
Manager	9	1	10	82%	33%
Total	**11**	**3**	**14**	**79%**	**21%**

	2012				
	Number			%	
	Male	Female	Total	Male	Female
Assistant General Manager	2	2	4	17%	40%
Senior Manager	2	-	2	17%	0%
Manager	8	3	11	67%	60%
Total	**12**	**5**	**17**	**71%**	**29%**

Directors' Report

For the year ended 31 December 2013

Employee involvement and training

The Group encourages participation of employees in arriving at decisions in respect of matters affecting their well being. Towards this end, the Group provides opportunities for employees to deliberate on issues affecting the Group and employees' interests, with a view to making inputs to decisions thereon. The Group places a high premium on the development of its manpower. Consequently, the Group sponsored its employees for various training courses in the year.

Acquisition of own shares

The Company did not purchase any of its own shares during the year.

Events after the end of the reporting period

There were no events after the end of the reporting period which could have had material effect on the financial position of the Company as at 31 December 2013 and the profit for the year then ended which have not been recognized and/or disclosed.

Auditors

Messrs KPMG Professional Services have indicated their willingness to continue in office as auditors of the Company in accordance with Section 357 (2) of the Companies and Allied Matters Act of Nigeria.

BY ORDER OF THE BOARD

MARINA NOMINEES LIMITED

SECRETARIES

MARINA NOMINEES LIMITED
FRC/2013-00000000001506
Company Secretary
Aret Adams House
233 Ikorodu Road, Ilupeju Lagos
20 May 2014

Statement of Directors' Responsibilities in Relation to the Financial Statements for the year ended 31 December 2013

The directors accept responsibility for the preparation of the annual financial statements set out on pages 18 to 98 that give a true and fair view in accordance with International Financial Reporting Standards and in the manner required by the Companies and Allied Matters Act of Nigeria, the Financial Reporting Council of Nigeria Act 2011, the Insurance Act of Nigeria and relevant National Insurance Commission (NAICOM) guidelines and circulars.

The directors further accept responsibility for maintaining adequate accounting records as required by the Companies and Allied Matters Act of Nigeria, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

The directors have made assessment of the Company's ability to continue as a going concern and have no reason to believe that the Company will not remain a going concern in the year ahead.

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

Gen. T. Y. Danjuma (Rtd.) G.C.O.N.
FRC/2013/IODN/00000003130
20 May 2014

J. El-Matari
FRC/2013/IODN/00000003131
20 May 2014

Corporate Governance Report

For the year ended 31 December 2013

Introduction

Unitrust Insurance Company Limited ("Unitrust"or "the Company") recognizes that the implementation of corporate governance standards and practices should have dual objectives of protecting the interest of the shareholders and other stakeholders whilst also enabling the Board and Management to direct and manage the affairs of the Company. The Company is therefore committed to implementing the best practice standards of corporate governance.

Unitrust is mindful of its obligations under the relevant codes of corporate governance such as the National Insurance Commission (NAICOM) Code of Corporate Governance for the Insurance Industry in Nigeria. This, and the Company's Board Charter collectively provide the basis for promoting sound corporate governance in the Company. Our core values of excellence, leadership, innovation, professionalism, empowered employees and passion for customers are the bedrock upon which we continue to build our corporate behavior.

In order to ensure consistency in its practice of good corporate governance, the Company continuously reviews its practice to align with the various applicable Codes of Corporate Governance with particular reference to compliance, disclosures and structure.

Governance structure

The governance of the Company resides with the Board of Directors who is accountable to shareholders for creating and delivering sustainable value through the management of the Company's business. The Board of Directors is responsible for the efficient operation of the Company and to ensure that the Company fully discharges its legal, financial and regulatory responsibilities.

The Board also reviews corporate performance, monitors the implementation of corporate strategy and sets the Company's performance objectives. The Board monitors the effectiveness of its governance practices, manages potential conflict and provides general direction to Management. These oversight functions of the Board of Directors are exercised through its various committees. In the course of the year under review, the Board had three (3) Committees to ensure the proper management and direction of the Company via interactive dialogue on a regular basis.

The Board membership comprises nine (9) members, including the Chairman, seven (7) Non-Executive Directors and one (1) Executive Director.

The details of the composition of the Board is as set out below:

S/N	Name	Designation
1	Gen. T. Y. Danjuma (Rtd.) G.C.O.N.	Chairman
2	J. El-Matni	Managing Director/Chief Executive Officer
3	Mr. M. V. Allam	Non-Executive
4	Mr. Anthony Atrib	Non-Executive
5	Mrs. Grace E. Danjuma	Non-Executive
6	Professor J.O. Irukwu	Non-Executive
7	Mr. C.U. Nwajiuba	Non-Executive
8	Mr. J.M. Taktouk	Non-Executive
9	Mr. Gilbert Ramez Chagoury*	Non-Executive

* Appointed 27 February 2013

The effectiveness of the Board derives from the appropriate balance and mix of skills and experience of the directors, both executive and non-executive. The Company's Board is made up of seasoned professionals, who have excelled in their various professions and possess the requisite integrity, skills and experience to bring to bear independent judgment on the deliberations of the Board.

The Board is responsible for ensuring the creation and delivery of sustainable value to the Company's stakeholders through its management of the Company's business. The Board is accountable to the shareholders and is responsible for the management of the Company's relationship with its various stakeholders. The Board ensures that the activities of the Company are at all times executed within the relevant regulatory framework.

The Board meets quarterly and additional meetings are convened as and when required. Material decisions may be taken between meetings by way of written resolutions, as provided for in the Articles of Association of the Company. The directors are provided with comprehensive group information at each of the quarterly Board meetings and are also briefed on business developments between Board meetings. The Board met four (4) times during the year ended 31 December 2013.

Corporate Governance Report

For the year ended 31 December 2013

Responsibilities of the Board

The Board determines the strategic objectives of the Company in delivering long-term growth and short-term goals. In fulfilling its primary responsibility, the Board is aware of the importance of achieving a balance between conformance to governance principles and economic performance.

The powers reserved for the Board include the following:
- determination of Board structure, size and composition, including appointment and removal of directors, succession planning for the Board and senior management and Board Committee membership;
- approval of remuneration policy and packages of the Board members;
- approval of policy documents on significant issues including Enterprise-wide Risk Management, Human Resources, Corporate governance and Anti – money laundering;
- approval of resolutions and corresponding documentation for shareholders in general meeting(s), shareholders circulars, prospectus and principal regulatory filings with the regulators.
- approval of major change to the Company's corporate structure (excluding internal reorganizations) and changes relating to the Company capital structure;
- approval of quarterly, half-yearly and full year financial statements (whether audited or unaudited) and any significant change in accounting policies and/or practices;
- the determination and approval of the strategic objectives and policies of the Company to deliver long-term value;
- approval of the Company's strategy, medium and short term plan and its annual operating and capital expenditure budget; and
- recommendation to shareholders of the appointment or removal of auditors and the remuneration of auditors.

Role of key members of the Board

The positions of the Chairman of the Board and the Chief Executive Officer are separate and held by different persons.

The Chairman

The Chairman's main responsibility is to lead and manage the Board to ensure that it operates effictively and fully discharges its legal and regulatory responsibilities. The Chairman is responsible for ensuring that Directors receive accurate, timely and clear information to enable the Board take informed decisions, monitor effectively and provide advice to promote the success of the Company.

The Chairman also facilitates the contribution of non-executive directors to promote effective relationships and open communications, both inside and outside the Boardroom, between executive and non-executive directors. The Chairman strives to ensure that any disagreements on the Board are resolved amicably.

The Chief Executive Officer

The Board has delegated the responsibility for the day-to-day management of the Company to the Chief Executive Officer (CEO), who is responsible for leading management and for making and implementing operational decisions. The CEO is responsible to the Board of Directors and ensures that the Company complies strictly with regulations and policies of both the Board and Regulatory Authorities. The CEO ensures that optimization of the Company's resources is achieved at all times and has the overall responsibility for the Company's financial performance.

Company Secretary

The Company Secretary is a point of reference and support for all directors. It is her responsibility to update the directors with all requisite information promptly and regularly. The Board may through the Company Secretary obtain information from external sources, such as consultants and other advisers, if there is a need for outside expertise.

The Company Secretary is further responsible for assisting the Chairman and Chief Executive Officer to formulate an annual Board Plan and with the administration of other strategic issues at the Board level; organizing Board meetings and ensuring that the minutes of Board meetings clearly and properly capture Board's discussions and decisions.

The Director nomination process

The Board agrees upon the criteria for the desired experience and competencies of new directors. The Board has power under the Articles of Association to appoint a director to fill a casual vacancy or as an additional director. The criteria for the desired experience and competencies of new non-executive directors are agreed upon by the Board.

The balance and mix of appropriate skills and experience of non-executive directors is taken into account when considering a proposed appointment. In reviewing the Board composition, the Board ensures a mix with representatives from different industry sectors.

The shareholding of an individual in the Company is not considered a criterion for the nomination or appointment of a director. The appointment of directors is subject to the approval of NAICOM.

Corporate Governance Report

For the year ended 31 December 2013

Changes to the Board

A new Director (Mr. Gilbert Ramez Chagoury) was appointed on 27 February 2013.

Board Committees

The Board carries out its oversight function through its standing committees each of which has a charter that clearly defines its purpose, composition, and structure, frequency of meetings, duties, tenure and reporting lines to the Board. In line with best practice, the Chairman of the Board does not sit on any of the committees. The Board's three standing committees are the Board Audit and Risk Management Committee, the Budget and Investment Committee and the Establishment, Strategy & Human Resources Committee.

Through these committees, the Board is able to more effectively deal with complex and specialized issues and to fully utilize its expertise to formulate strategies for the Company. The committees make recommendations to the Board, which retains responsibility for final decision making.

All committees in the exercise of their powers as delegated conform to the regulations laid down by the Board, with well-defined terms of reference contained in the charter of each committee. The committees render reports to the Board at the Board's quarterly meetings.

A summary of the roles, responsibilities, composition and frequency of meetings of each of the committees are as stated hereunder:

- *Risk Management and Audit Committee*

Auditing is vital to ensuring that accounting norms for insurance businesses are effectively applied and maintained and to monitor the quality of internal control procedures; ensure compliance with all regulatory directives. The Committee shall liaise with auditors and the management to review audit activities as well as the integrity of the data and information provided in the audit and/or financial reports.

The Committee provides oversight functions with regard to both the Company's financial statements and its internal control and risk management functions. The Committee ensures compliance with legal and other regulatory requirements, assessment of qualifications and independence of the external auditor; and performance of the Company's internal audit function as well as that of external auditors.

The Committee oversees and reviews the technical underwriting strategies of the Company. It shall define and provide guidance on acceptable and unacceptable risks.

This Committee has supervisory functions over the risk management, risk profile, enterprise-wide risk management framework, underwriting functions of the Company and the risk-reward strategy determined by the Board.

The Committee Chairman reports formally to the Board on its proceedings after each meeting on all matters within its functions and responsibilities. The Committee makes whatever recommendations to the Board it deems appropriate on any area within its limit where action or improvement is needed.

The Risk Management & Audit Committee comprised the following members during the year under review:

1	Prof. J.O Irukwu	Chairman
2	Mrs. Grace Danjuma	Member
3	Mr. M Allam	Member
4	Mr. J. Taktouk	Member
5	Mr. J. Matni	Member

- *Budget and Investment Committee*

The Budget and Investment Committee is responsible for the approval of investment decisions and portfolio limits by the management of the Company. This Committee has supervisory functions over investment and other finance-related issues such as capital & funding requirements.

The Committee makes recommendations of investment policies for consideration and adoption by the Board, including proposed ethical positions with respect to appropriate investments and conducts a review of the performance of the major assets in the Company's investment portfolios on a quarterly basis.

The Committee is also responsible for identifying specific areas for review as approved by the Board, in particular the financial implications of new and major investment strategies/initiatives.

Corporate Governance Report

For the year ended 31 December 2013

The Budget and Investment Committee comprised the following members during the year under review:

1	Mr. C.U. Nwajiuba	Chairman
2	Mrs. Grace Danjuma	Member
3	Mr. A. Atrib	Member
4	Mr. J. Matni	Member

- Establishment, Strategy and Human Resources Committee

The Committee has supervisory functions over the entire company recruitment and ensures corporate governance compliance. The main functions of the Committee are to establish the criteria for board and board committee memberships, review candidates qualifications and any potential conflict of interest, assess the contribution of current directors in connection with their re-nomination and make recommendations to the Board.

The Committee advises the Board on its oversight responsibilities in relation to compensation, benefits and all other human resource matters affecting the Company. It is also responsible for reviewing and recommending the Company's organizational structure to the Board for approval while protecting the welfare of all employees.

The Establishment, Strategy and Human Resources Committee comprised the following members during the year under review:

1	Mr. A. Atrib	Chairman
2	Prof. J.O Irukwu	Member
3	Mr Chukwuemeka Nwajiuba	Member
4	Mr. M Allam	Member
5	Mr. J. Matni	Member

Attendance to Board and Board Committee meetings

The table below shows the frequency of meetings of the Board of Directors, as well as members’ attendance for the year ended 31 December 2013.

The Board met four (4) times during the year under review.

Name of Director	Designation	No of Board meetings attended	27th February 2013	15th March 2013	11th June 2013	20th September 2013
Gen. T. Y. Danjuma(Rtd.) G.C.O.N.	Chairman	4	√	√	√	√
Mr. J. El-Matni	Executive Director	4	√	√	√	√
Mr. M. V. Allam	Non-Executive Director	4	√	√	√	√
Mr. Anthony Atrib	Non-Executive Director	3	√	√	-	√
Mrs. Grace E. Danjuma	Non-Executive Director	3	√	√	-	√
Professor J.O. Irukwu	Non-Executive Director	4	√	√	√	√
Mr. C.U. Nwajiuba	Non-Executive Director	4	√	√	√	√
Mr. J.M. Taktouk	Non-Executive Director	2	√	√	-	-
Mr. Gilbert Ramez Chagoury	Non-Executive Director	2	√	-	-	√

Corporate Governance Report

For the year ended 31 December 2013

Shareholders

Shareholders meetings were duly convened and held in line with the Company's Articles of Association and existing statutory and regulatory regimes in an open manner, for the purpose of deliberating on issues affecting the Company's strategic direction. This occurs through a fair and transparent process and also serves as a medium for promoting interaction between the Board, management and shareholders. Attendance at the Annual General Meeting is open to shareholders or their proxies, while proceedings at such meetings are usually monitored by the representatives of the National Insurance Commission. The Board ensures that shareholders are provided with adequate notice of meetings. The shareholders have an opportunity to express their concerns (if any) and opinions on the Company's financial results and all other issues at the Annual General Meeting of the Company.

The Company deals on a timely basis with all enquiries from shareholders which are communicated to management and the Board. The Company also dispatches its annual reports, providing highlights of all the Company's activities to its shareholders.

Protection of shareholders' right

The Board ensures the protection of the statutory and general rights of shareholders at all times, particularly their right to attend and vote at general meetings. All shareholders are treated equally, regardless of volume of shareholding or social status.

Independent advice

The Board of Directors are at their own discretion and at the Company's expense are required to seek Independent professional advice when it is required to enable a Member of the Board effectively perform certain responsibilities.

Monitoring compliance with corporate governance

- Compliance Officer
The Compliance Officer monitors compliance with money laundering requirements and the implementation of the Corporate Governance Code of the Company. The Compliance Officer together with the Chief Executive Officer certifies each year to NAICOM that they are not aware of any violation of the Corporate Governance Code, other than as disclosed during the course of the year.

- Whistle blowing procedures
In line with the Company's commitment to instill the best corporate governance practices, a whistle blowing procedure was established that ensures anonymity on any reported incidents.

Code of professional conduct for employees

The Company has in place, a Code of Conduct which specifies expected behaviour of its employees and directors. The code is designed to empower employees and directors and enable effective decision making at all levels of the business according to defined ethics and principles. The Code requires that each Company employee shall read the Code and sign a confirmation that he has understood the content. The Company also has a disciplinary guide which provides sample offences/violations and prescribes disciplinary measures to be adopted in various cases. The Head of Human Resources is responsible for the design and implementation of the Code of Conduct while the Compliance Officer is responsible for monitoring and ensuring compliance.

Non-executive directors' remuneration

The Company's policy on remuneration of non-executive directors is guided by the provisions of the NAICOM which stipulate that non-executive directors' remuneration should be limited to directors' fees and reimbursable travel and hotel expenses. Director's fees and sitting allowances were paid to only non-executive directors as recommended by the Board Establishment, Strategy & Human Resource Committee.

Management's Commentary and Analysis

For the year ended 31 December 2013

In order to foster deeper understanding of our strategy, operating risk and performance and also in compliance with regulatory requirements, we have outlined a Management's Commentary and Analysis (“MC&A”) report as contained hereunder.

This MC&A has been prepared as at 31 December 2013 and should be read in conjunction with the consolidated financial statements of Unitrust Insurance Company Limited and subsidiary company.

Nature of business

Unitrust Insurance Company Limited's major business activity is insurance. However, the Group is currently involved in property management business while also developing its capacity for expansion in the industry.

Business objective and strategy

Unitrust Insurance Company Limited is registered and incorporated in Nigeria. The Company is principally engaged in providing insurance services to cater for the needs of corporate and retail sectors of the Nigerian economy.

The Company aims to evolve into a truly diversified financial services institution that provides protection against all forms of insurable risks to all customer segments.

The Company implemented the NAICOM directive on "no premium no cover policy" from 1 January 2013. The policy aims to stimulate liquidity within the system by reducing the huge receivables being carried on the statement of financial position of insurance companies. This has positively impacted the income statements of insurance companies by eliminating the large portion of provision for outstanding premium charged for the receivables and made available more cash which can be used to generate more investment income.

On the other hand, this has reduced the premium income recognised by companies initially (as premium would only be recognised when cash is received) but the situation would normalize as the insured public adjust their cashflow management to the new regulation.

Performance indicators

Operating results and financial condition

	Group				Company			
	31-Dec-2013	**31-Dec-2012**	**Change**	**Change**	**31-Dec-2013**	**31-Dec-2012**	**Change**	**Change**
	₦'000	**₦'000**	**₦'000**	**%**	**₦'000**	**₦'000**	**₦'000**	**%**
Gross premium written	3,023,935	3,170,364	(146,429)	-5%	3,023,935	3,170,364	(146,429)	-5%
Net premium income	1,682,800	1,640,707	42,093	3%	1,682,800	1,640,707	42,093	3%
Underwriting profit	952,353	916,981	35,372	4%	952,353	916,981	35,372	4%
Investment income	844,133	935,726	(91,593)	-10%	840,275	931,207	(90,932)	-10%
Claims expense(net)	568,256	686,293	(118,037)	-17%	568,256	686,293	(118,037)	-17%
Writeback/(impairment) of financial assets	450,526	(360,271)	810,797	-225%	450,526	(360,271)	810,797	-225%
Operating expenses	(764,673)	(923,630)	158,957	-17%	(754,108)	(915,996)	161,888	-18%
Profit before tax	1,894,502	741,689	1,152,813	155%	1,892,738	736,180	1,156,558	157%
Earnings per share (kobo)	42	21	21	100%	42	21	21	100%

The Company experienced a 5% reduction in gross written premium when compared to prior year result. This decline was mainly attributable to the "no premium no cover policy". Premium receipt from general accident, motor and marine (non-life) accounted majorly for the decrease in premium revenue.

Revenue and underwriting result

The decrease in the Company's level of activity was reflected in the decrease of underwriting expenses. The underwriting profit amounted to ₦952.3 million, an increase of ₦35.4 million over December 2012. The Company had a net claims expenses of ₦568.3 million, a decrease of ₦118million over December 2012.

Management's Commentary and Analysis

For the year ended 31 December 2013

Investment income

Investment income declined by 10% from ₦935.7 miliion (Company:₦ 931.2 million) to ₦ 844.1 million (Company: ₦840.3 miliion) The Company will continue to intensify its efforts to ensure that investment income is a key revenue source.

Operating expenses

Operating expenses for the year amounted to ₦764.7 million (Company: ₦754.1 million), a decrease of ₦159.0 million (Company: ₦161.9 million) compared to prior year. This was mainly due to the fact that more recurrent expenditure was incurred by the Group in the prior year.

Liquidity, capital resources and risk factors

The Group's investment is in accordance with its investments policy which is compliant with regulatory requirements. The Group's investment strategy is underpinned by a focus on highly liquid financial instruments such as term deposit, equity and debt instruments. At the end of December 2013, the Group had approximately ₦7.3 billion invested in fixed income instruments (Held to market securities: ₦6.1 billion, placements in cash and cash equivalents : ₦1.2 billion) and and ₦423.4 million in equity instruments.
The Group's approach to managing capital involves managing assets, liabilities and risks in a coordinated way, assessing shortfalls between reported and required capital level on a regular basis and taking appropriate actions to influence the capital position of the Group in the light of changes in economic conditions and risk characteristics. The Group was in a net asset position of ₦6.87 billion (Company: ₦6.83 billion), an increase of ₦930 million (Company: ₦932 million) from the previous year of ₦5.94 billion (Company: ₦5.90 billion).

Report of the Risk Management and Audit Committee

For the year ended 31 December 2013

In compliance with the provisions of Section 359 (6) of the Companies and Allied Matters Act of Nigeria, we have reviewed the consolidated and separate financial statements of Unitrust Insurance Company Limited for the year ended 31 December 2013 and hereby state as follows:

- The scope and planning of the audit were adequate in our opinion;
- The accounting and reporting policies of the Group and Company conformed with the statutory requirements and agreed ethical practices;
- The internal control and internal audit functions were operating effectively;
- The external auditor's findings as stated in the management letter are being dealt with satisfactorily by the management;
- Related party transactions and balances have been disclosed in note 35 to the financial statement in accordance with the requirements of the International Financial Reporting Standards (IFRS).

Prof. J.O Irukwu (SAN)
Chairman, Risk Management and Audit Committee
FRC/2014/NBA/00000007997
20 May 2014

Members of the Committee:

Prof. J.O Irukwu	-	Chairman
Mrs. Grace Danjuma	-	Non - Executive Director (member)
Mr. Mazeed Allary	-	Non - Executive Director (member)
Mr. J Taktouk	-	Non - Executive Director (member)
Mr. Emeka Nwajuba	-	Non - Executive Director (member)
Mr. A. Mani	-	Executive Director (member)

INDEPENDENT AUDITOR'S REPORT

To the Members of **Unitrust Insurance Company Limited**

Report on the financial statements

We have audited the accompanying financial statements of Unitrust Insurance Company Limited ("the Company) and its subsidiary company (together "the Group"), which comprise the consolidated and separate statements of financial position as at 31 December 2013, and the consolidated and separate statements of profit or loss and other comprehensive income, statements of changes in equity, and statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 18 to 98.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in the manner required by the Companies and Allied Matters Act of Nigeria, the Financial Reporting Council of Nigeria Act, 2011, the Insurance Act of Nigeria and relevant National Insurance Commission (NAICOM) guidelines and circulars and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements give a true and fair view of the financial position of Unitrust Insurance Company Limited ("the Company") and its subsidiary (together "the Group") as at 31 December 2013, and of the Group and Company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies and Allied Matters Act of Nigeria, the Financial Reporting Council of Nigeria Act, 2011, the Insurance Act of Nigeria and relevant National Insurance Commission (NAICOM) guidelines and circulars.

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Schedule 6 of the Companies and Allied Matters Act of Nigeria

In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books and the statement of financial position and the statement of profit or loss and other comprehensive income are in agreement with the books of account.

Compliance with the requirements of the National Insurance Commission of Nigeria Guidelines

The Company incurred penalties in respect of contravention of the requirements of certain sections of the National Insurance Commission of Nigeria's Operational Guidelines 2011 during the financial year. Details of these contraventions and penalties are disclosed in note 54 to the financial statements.

Signed: Kabir

Kabir Okunlola, FCA
FRC/ICAN/2013/00000000428
For: KPMG Professional Services
Chartered Accountants
19 June 2014
Lagos, Nigeria

Statements of Accounting Policies
For the year ended 31 December 2013

1 Legal entity

Unitrust Insurance Company Limited ("the Company") was incorporated on 9 November 1981 as a private limited liability company as "Union Nigeria Insurance Company Limited". The address of the Company's registered office is Plot 105B, Ajose Adeogun Victoria Island, Lagos. The Company's name was changed to Unitrust Insurance Company Limited on 3 May 1983 and obtained general and life insurance licenses from the National lnsurance Commission on 13 August 1986 and 10 January 1999 respectively. Following the recapitalisation exercise in February 2007, the Company focused on its general insurance business and discontinued its life business in 2007.

The Company's principal activity continues to be provision of risk underwriting and related financial services to its customers. Such services include provision of general insurance services to both corporate and individual customers.

The Company has one wholly owned subsidiary, Unitrust Global Assets Management Limited. The subsidiary was incorporated as a private limited liability company on 9 January 2001 and its principal activity involves provision of property management services to both individual and corporate clients.

The financial results of the subsidiary have been consolidated in these financial statements.

2 Basis of preparation

These consolidated and separate financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by International Accounting Standards Board (IASB). They have been prepared under the historical cost convention, as modified by the revaluation of land and buildings and investment property except for available-for-sale securities which are measured at fair value.

The directors are of the opinion that the Company will continue as a going concern for the foreseeable future.

(a) Statement of compliance

The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs as issued by the International Accounting Standard Board) and in the manner required by the Companies and Allied Matters Act of Nigeria, the Financial Reporting Council of Nigeria Act, 2011, the Insurance Act of Nigeria, and relevant National Insurance Commission (NAICOM) guidelines and circulars, to the extent that they do not conflict with the requirement of IFRS.

The consolidated financial statements were authorised for issue by the Board of directors on 20 May 2014.

(b) Basis of measurement

The consolidated and separate financial statements have been prepared under the historical cost basis except for the following:

(i) Financial instruments at fair value through profit or loss are measured at fair value

(ii) Available-for-sale financial assets are measured at fair value.

(iii) Land and building are carried at revalued amount.

(iv) Investment properties are measured at fair value.

(c) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The consolidated financial statements are presented in thousands of Naira (₦), which is the Group's presentation currency.

(d) Use of estimates and judgements

The preparation of the consolidated and separate financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in note 6.

Statements of Accounting Policies

For the year ended 31 December 2013

(e) Regulatory authority and financial reporting

The Company is regulated by the National Insurance Commission of Nigeria (NAICOM) under the National Insurance Act of Nigeria. The Act specifies certain provisions which have impact on financial reporting as follows:

i) Section 20(1a) provides that provisions for unexpired risks shall be calculated on a time apportionment basis of the risks accepted in the year;

ii) Section 20(1b) requires provision for outstanding claims to be credited with an amount equal to the total estimated amount of all outstanding claims with a further amount representing 10 percent of the estimated figure for outstanding claims in respect of claims incurred but not reported at the end of the year under review;

iii) Sections 21(1a) and 22(1b) require maintenance of contingency reserves for general and life businesses respectively at specified rates as set out under note 5(w) to cover fluctuations in securities and variation in statistical estimates;

iv) Section 24 requires the maintainenance of a margin of solvency to be calculated in accordance with the Act.

(v) Section 10(3) requires insurance companies in Nigeria to deposit 10 percent of the minimum paid up share capital with the Central Bank of Nigeria.

(vi) Section 25(1) requires an insurance company operating in Nigeria to invest and hold invested in Nigeria assets equivalent to not less than the amount of policy holders' funds in such accounts of the insurer. See note 7 for assets allocation that covers policy holders' funds.

However, section 59 of the Financial Reporting Council Act, 2011 (FRC Act) provides that in matters of financial reporting, if there is any inconsistency between the FRC Act and the provision of other Acts, the FRC Act shall prevail. The Financial Reporting Council of Nigeria acting under the provisions of the FRC Act has promulgated IFRS as the national financial reporting framework for Nigeria. Consequently, the following provision of the National Insurance Act, 2003 which conflict with the provisions of IFRS have not been adopted:

i) Section 20(1b) which requires the provision of 10 percent for outstanding claims in respect of claims incurred but not reported at the end of the year under review. See note 4(r) on accounting policy for outstanding claims.

3 Changes in Accounting policies

Except for the changes below, the Group has consistently applied the accounting policies as set out in Note 4 to all periods presented in the financial statements.

The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards with a date of initial application of 1 January 2013.

(a) IFRS 13 fair value measurement

In accordance with the transitional provision of IFRS 13, the Group has applied the new definition of fair value, as set out in Note 4d prospectively.
The change has no significant impact on the measurement of the Group's assets and liabilities but the Group has included new disclosures in the financial statement, which are required under IFRS 13. These new disclosure requirements are not included in the comparative information. However, to the extent that disclosures were required by other standards before the effective date of IFRS 13, the Group has provided the relevant comparative disclosure under the standards.

(b) Offsetting financial assets and financial liabilities.

As a result of the amendments to IFRS 7, the Group has expanded disclosures about offsetting financial assets and financial liabilities.

(c) Presentation of items in Other Comprehensive Income (OCI)

As a result of the amendments to IAS 1 , the Group has modified the presentation of items of OCI in its statement of profit or loss and OCI, to present items that would be reclassified to profit or loss in the future separately from those that would never be. Comparative information has been re-presented on the same basis.

Statements of Accounting Policies

For the year ended 31 December 2013

(d) Investment entities (IFRS 10)

As a result of IFRS 10, the Group has changed its accounting policy for determining whether it has control over and consequently whether it consolidates other entities. IFRS 10 introduces a new control model that focuses on whether the Group has power over an investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect those returns.
The change did not have a material impact on the Group's financial statements.

(e) Interest in other entities

The Group has made relevant disclosures about its interests in its subsidiary (see Note 34) . The Group does not have interest in any unconsolidated structured entity.

(i) The Group has made relevant disclosures about significant restrictions (see note 34c(ii)).

4 Significant accounting policies

These pricipal accounting policies set out below have been consistently applied for all years presented, except for the changes explained in Note 3 above.

(a) Basis of Consolidation

(i) Subsidiaries

Subsidiaries are investees controlled by the Group. The Group 'controls' an investee if it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date when control ceases.

(ii) Transactions eliminated on consolidation

Intra-group balances and transactions and any unrealized income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency translation

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or cost'. All other foreign exchange gains and losses are presented in the income statement within 'Other operating income' or 'Other operating expenses'.

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the fair value of the security, and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss; other changes in carrying amount are recognised in 'other comprehensive income'.
Translation differences on non-monetary financial assets such as equities classified as available-for-sale financial assets are included in 'other comprehensive income'.

(c) Cash and cash equivalents

Cash and cash equivalents include cash in hand and at bank, call deposits and short term highly liquid financial assets with original maturities of three months or less from the acquisition date, which are subject to insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

Cash and cash equivalents are carried at amortised cost in the statement of financial position.

Statements of Accounting Policies

For the year ended 31 December 2013

(d) Financial assets and liabilities

(i) Classification

The classification of financial assets depends on the purpose for which the investments were acquired or originated. The Group classifies its financial assets into the following categories:

- Financial assets at fair value through profit or loss;
- Held-to-maturity investments;
- Loans and receivables, and
- Available-for-sale financial assets

The Group's financial assets include cash and short term deposits, trade and other receivables, commercial loans, quoted and unquoted equity instruments.

The Group's financial liabilities are classified as other financial liabilities. They include: insurance contract liabilities, creditors and accruals.

(ii) Initial recognition

The Group initially recognises loans and advances, fixed deposits, treasury bills and securities on the date that they are originated. All other financial assets and liabilities (including assets and liabilities designated at fair value through profit or loss) are initially recognised on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

All financial assets or financial liabilities are measured initially at their fair value plus transaction costs, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss. Subsequent recognition of financial assets and liabilities is at amortised cost or fair value.

(iii) Subsequent measurement

- Financial assets held at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading. Financial assets classified as trading are acquired principally for the purpose of selling in the short term.

These investments are initially recorded at fair value. Subsequent to initial recognition, they are re-measured at fair value, with gains and losses arising from changes in this value recognized in the income statement in the period in which they arise. The fair values of quoted investments in active markets are based on current bid prices. The fair values of unquoted equities, and quoted equities for which there is no active market, are established using valuation techniques corroborated by independent third parties. These may include reference to the current fair value of other instruments that are substantially the same and discounted cash flow analysis.

Interest earned and dividends received while holding trading assets at fair value through profit or loss are included in investment income.

- Held-to-maturity

Held-to-maturity investments are non-derivative financial assets with fixed determinable payments and fixed maturities that management has both the positive intention and ability to hold to maturity other than:

- Those that the Group designates as available for sale.
- Those that meet the definition of loans and receivables.

Such instruments include fixed deposits, placements and government bonds and are carried at amortised cost, using the effective interest rate method less any allowance for impairment.

- Available-for-sale

Available-for-sale investments are non-derivative instruments that are not designated as another category of financial assets.

Available-for-sale financial assets are carried at fair value, with the exception of investments in equity instruments where fair value cannot be reliably determined, which are carried at cost. Fair values are determined in the same manner as for investments at fair value through profit or loss. Unrealised gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised in other comprehensive income while the investment is held, and are subsequently transferred to the income statement upon sale or de-recognition of the investment.

Interest income is recognised in profit or loss using the effective interest method. Dividends received on available-for-sale instruments are recognised in income statement when the Company's right to receive payment has been established.

- Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those classified by the Group as fair value through profit or loss or available-for-sale.

Loans and receivables consist primarily of trade receivables, commercial loans, staff loans, and other debtors.

Loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. Loans granted at below market rates are fair valued by reference to expected future cash flows and current market interest rates for instruments in a comparable or similar risk class and the difference between the historical cost and fair value is accounted for as employee benefits under staff costs.

Trade receivables arising from insurance contracts are stated after deducting specific impairment on premium outstanding from brokers for over 30 days. Trade receivables are reviewed at every reporting period for impairment (See 4(e)iii for the accounting policy on impairment of trade receivables).

Statements of Accounting Policies
For the year ended 31 December 2013

- ***Fair value measurement***

Policy applicable from 1 January 2013

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Group on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for a particular risk exposure. Those portfolio-level adjustments are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred. The Group discloses fair value of all its financial instruments.

Policy applicable before 1 January 2013

'Fair value' is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date. When available, the Group measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis.

If a market for a financial instrument is not active, then the Group establishes fair value using a valuation technique. The chosen valuation technique makes maximum use of market inputs, relies as little as possible on estimates specific to the Group, incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price – i.e. the fair value of the consideration given or received. However, in some cases the initial estimate of fair value of a financial instrument on initial recognition may be different from its transaction price. If this estimated fair value is evidenced by comparison with other observable current market transactions in the same instrument (without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets, then the difference is recognised in profit or loss on initial recognition of the instrument. In other cases, the fair value at initial recognition is considered to be the transaction price and the difference is not recognised in profit or loss immediately but is recognised over the life of the instrument on an appropriate basis or when the instrument is redeemed, transferred or sold, or the fair value becomes observable.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price. Where the Group has positions with offsetting risks, mid market prices are used to measure the offsetting risk positions and a bid or ask price adjustment is applied only to the net open position as appropriate.

See note 8 on fair value disclosures of financial assets and liabilities.

- *De-recognition of financial instruments*

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when its rights to receive the contractual cash flows on the financial asset in a transaction that transfers substantially all the risks and rewards of ownership of the financial asset are transferred, or when it assumes an obligation to pay those cash flows to one or more recipients, subject to certain criteria.

Any interest in transferred financial assets that is created or retained by the Group is recognized as a separate asset or liability.

On derecognition of financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

The Group enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognised. Transfers of assets with retention of all or substantially all risks and rewards include, for example, securities lending and repurchase transactions.

Statements of Accounting Policies
For the year ended 31 December 2013

In transactions in which the Group neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset and it retains control over the asset, the Group continues to recognise the asset to the extent of its continuing involvement, determined by extent to which it is exposed to changes in the value of the transferred asset.

The rights and obligations retained in the transfer are recognised separately as assets and liabilities as appropriate. In transfers where control over the asset is retained, the Group continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

(e) Impairment of assets

(i) Financial assets carried at amortised cost

The carrying amounts of these assets are reviewed at each reporting date to determine whether there is any objective evidence of impairment. A financial asset is considered to be impaired if objective evidence indicates that one or more events that have occurred since the initial recognition of the asset have had a negative effect on the estimated future cash flows of that asset and can be reliably estimated. Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the Group about the following events:

- Significant financial difficulty of the issuer or debtor;
- A breach of contract, such as a default or delinquency in payments;
- It becomes probable that the issuer or debtor will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for that financial asset because of financial difficulties; or
- Observable data indicating that there is a measurable decrease in the estimated future cashflow from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the Group.

For financial assets measured at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant and individually or collectively for financial assets that are not individually significant. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying value and the present value of the estimated future cash flows discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement. If the financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under contract. The Group may measure impairment on the basis of an instrument's fair value using an observable market price.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics. Those characteristics are relevant to the estimation of future cashflows for groups of such assets by being indicative of the issuer's ability to pay all amounts due under the contractual terms of the debt instrument being evaluated. If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as improved credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the statement of profit or loss.

(ii) Assets classified as available-for-sale

Available-for-sale financial assets are impaired if there is objective evidence of impairment, resulting from one or more loss events that occurred after initial recognition but before the reporting date, that have an impact on the future cash flows of the asset. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is an objective evidence of impairment resulting in the recognition of an impairment loss. In this respect, a decline of 20% or more is regarded as significant, and a period of 12 months or longer is considered to be prolonged. If any such quantitative evidence exists for available-for-sale financial assets, the asset is considered for impairment, taking qualitative evidence into account.

All impairment losses are recognized through profit or loss. If any loss on the financial asset was previously recognized directly in equity as a reduction in fair value, the cumulative net loss that had been recognized in equity is transferred to the income statement and is recognized as part of the impairment loss. The amount of the loss recognized in the income statement is the difference between the acquisition cost and the current fair value, less any previously recognized impairment loss.

Subsequent decreases in the amount relating to an impairment loss, that can be linked objectively to an event occurring after the impairment loss was recognized in the income statement, is reversed through the income statement. An impairment loss in respect of an equity instrument classified as available-for-sale is not reversed through the income statement but accounted for directly in equity.

Statements of Accounting Policies

For the year ended 31 December 2013

(iii) Trade receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost less provision for impairment. An allowance for impairment is made when the amount receivable is outstanding for more than 30 days.The impairment trigger is based on the age of the debt. If in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying value of the asset does not exceed its amortised cost at the reverse date. Any subsequent reversal of an impairment loss is recognised in the profit and loss.

(iv) Impairment of non-financial assets

The Group's non-financial assets with carrying amounts other than investment property are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For intangible assets that have indefinite useful lives or that are available for use, the recoverable amount is estimated each year at the same time.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in profit or loss.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(f) Offsetting financial instruments

Financial assets and liabilities are set off and the net amount presented in the statement of financial position when, and only when, the Group has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted under IFRS, or for gains and losses arising from the group of similar transactions.

(g) Pledged assets

Financial assets transferred to external parties that do not qualify for de-recognition are reclassified in the statement of financial position from financial assets (held-for-trading, held-to-maturity or available-for-sale) to pledged assets, if the transferee has received the right to sell or re-pledge them in the event of default from agreed terms.Initial recognition of pledged assets is at fair value, whilst subsequent measurement is based on the classification and measurement of the financial asset in accordance with IAS 39.

(h) Reinsurance assets

These are receivables that arise from reinsurance contracts.The details of recognition and measurement of reinsurance contracts have been set out under note q(iii).

(i) Deferred acquisition costs

Acquisition costs comprise all direct and indirect costs arising from the origination of insurance contracts.

Deferred acquisition costs represent a portion of commission which are incurred during a financial year and are deferred to the extent that they are recoverable out of future revenue margins. It is calculated by applying the ratio of unearned premiun to written premium.

(j) Other receivables and prepayments

Prepayments are carried at cost less accumulated impairment losses.

(k) Leases

(i) Operating leases

Leases where the lessor retains the risks and rewards of ownership of the underlying asset are classified as operating leases. Payments made under operating leases are charged against income on a straight-line basis over the period of the lease.

(ii) Finance leases

Leases of equipment where the group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased asset or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant interest rate on the outstanding balance of the liability.

Statements of Accounting Policies
For the year ended 31 December 2013

The corresponding lease obligations, net of finance charges, are included in liabilities. The finance cost is charged to the income statement over the lease period according to the effective interest method. The equipment acquired under the finance lease is depreciated over the shorter of the useful life of the asset and the lease term, if ownership does not pass at the end of the lease term. Leased assets under finance leases are treated in the same manner as property and equipment.

(l) Investment properties

Investment property comprises investment in land or buildings held primarily to earn rentals or capital appreciation or both.

Investment property is initially recognized at cost including transaction costs The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes cost of day to day servicing of an investment property. An investment property is subsequently measured at fair value with any change therein recognised in profit or loss. Fair values are determined individually, on a basis appropriate to the purpose for which the property is intended and with regard to recent market transactions for similar properties in the same location.

Fair values are reviewed annually by independent valuer, holding a recognized and relevant professional qualification and with relevant experience in the location and category of investment property being valued. Any gain and loss arising from a change in the fair value is recognized in the income statement.

Subsequent expenditure on investment property is capitalized only if future economic benefit will flow to the Group; otherwise they are expensed as incurred.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized in profit or loss. When an investment property that was previously classified as property and equipment is sold, any related amount included in the valuation reserve is transferred to retained earnings.

Investment properties are disclosed separate from the property and equipment used for the purposes of the business.

The Group separately accounts for a dual purpose property as investment property if it occupies only an insignificant portion. Otherwise, the portion occupied by the Group is treated as property plant and equipment.

(m) Intangible assets

Software

Recognition of software acquired is only allowed if it is probable that future economic benefits to this intangible asset are attributable and will flow to the Group.

Software acquired is initially measured at cost. The cost of acquired software comprises its purchase price, including any import duties and non-refundable purchase taxes, and any directly attributable expenditure on preparing the asset for its intended use. After initial recognition, software acquired is carried at its cost less any accumulated amortisation and any accumulated impairment losses. Maintenance costs should not be included.

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of the software, from the date that it is available for use. The estimated useful life of software is three years subject to annual reassessment.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(n) Property and equipment

(i) Initial recognition

Property and equipment comprise land, buildings and other properties owned by the Group.

Items of property and equipment are initially recognized at cost. Cost includes expenditure that is directly attributable to the acquisition of the assets.

(ii) Subsequent costs

Subsequent costs on replacement parts on an item of property are recognized in the carrying amount of the asset and the carrying amount of the replaced or renewed component is derecognized.

(iii) Subsequent measurement

All items of property and equipment except land and buildings are subsequently measured at cost less accumulated depreciation and impairment losses.

Land and buildings are subsequently carried at revalued amounts, being fair value at the date of revaluation less subsequent accumulated depreciation and impairment losses, if any. They are valued on an open market basis by qualified property valuers at each reporting date.

When an individual property is revalued, any increase in its carrying amount (as a result of revaluation) is transferred to a revaluation reserve, except to the extent that it reverses a revaluation decrease of the same property previously recognised as an expense in the statement of profit or loss.

When the value of an individual property is decreased as a result of a revaluation, the decrease is charged against any related credit balance in the revaluation reserve in respect of that property. However, to the extent that it exceeds any surplus, it is recognised as an expense in the statement of profit and loss.

Statements of Accounting Policies

For the year ended 31 December 2013

(iv) Depreciation

Depreciation is calculated on property and equipment on the straight line basis to write down the cost of each asset to its residual value over its estimated useful life. Depreciation methods, useful lives and residual values are reassessed at each reporting date. No depreciation is charged on property and equipments until they are brought into use.

Depreciation reduces an asset's carrying value to its residual value at the end of its useful life, and is allocated on a straight line basis over the estimated useful lives, as follows:

Leasehold land	-	Over the shorter of the useful life or lease term
Buildings	-	2%
Office equipment	-	20%
Computer hardware	-	33.33%
Furniture and fittings	-	20%
Motor vehicles	-	25%

Depreciation methods, useful lives and residual values are reassessed at each reporting date and adjusted if appropriate.

(v) De-recognition

Upon disposal of any item of property and equipment or when no future economic benefits are expected to flow from its use, such items are derecognized from the books. Gains and losses on disposal of assets are determined by comparing proceeds with their carrying amounts and are recognized in the statement of profit or loss in the year of de-recognition.

(o) Statutory deposit

These deposits represent bank balances required by the insurance regulators of the Group to be placed with relevant central banks of Group's operating jurisdictions. These deposits are stated at cost. Interest on statutory deposits is recognized as earned in other receivables.

(p) Insurance contract - classification

The Group enters into insurance contracts as its primary business activities. Insurance contracts are those that the Group accepts significant insurance risk from another party (the policy holder) by agreeing to compensate the policy holder or other beneficiary, if a specified uncertain future event (the insured event) adversely affects the policy holder or the other beneficiary. The Group as a guide defines significant insurance risk as the possibility of having to pay benefit on the occurrence of an insured event that are at least 10% more than the benefit payable if the insured event did not occur.

(q) Insurance contract - Recognition and measurement

(i) Premiums

Gross premiums written comprise the premiums received during the year on insurance contracts entered into during the year, irrespective of whether they relate in whole or in part to a later accounting period. This is in compliance with Section 50 of the Insurance Act, 2003 and the National Insurance Commission Guidelines on Insurance Premium Collection and Remittance (effective 1 January 2013) on "No Premium, No Cover".

Premiums on reinsurance inward are included in gross written premiums and accounted for as if the reinsurance was direct business, taking into account the product classification of the reinsured business.

Outward reinsurance premiums are accounted for in the same accounting period as the premiums for the related direct insurance or reinsurance business assumed. Outward reinsurance premiums are recognized as an expense in accordance with the pattern of premium earned.

(ii) Unearned premiums

Unearned premiums are proportion of premiums written in the year that relate to periods of risks after the reporting date. It is computed separately for each insurance contract using a time proportionate basis, or another suitable basis for uneven risk contracts. Provision for unexpired risk is made for unexpired risks arising where the expected value of claims and expenses attributable to the unexpired period of policies in force at the reporting date exceeds the unearned premium in relation to such policies after deduction of any deferred acquisition costs.

(iii) Reinsurance

The Group cedes reinsurance in the normal course of business for the purpose of limiting its net potential losses on policies written. Premium ceded comprise written premiums ceded to reinsurers, adjusted for the reinsurers' share of the movement in the provision for the unearned premiums. Reinsurance arrangements do not relieve the Group from its direct credit obligations to its policyholders.

(a) Reinsurance assets and liabilities

The benefits to which the Group is entitled under its reinsurance contracts held are recognised as reinsurance assets. These assets consist of short-term balances due from reinsurers, as well as longer term receivables that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts. Amounts recoverable from or due to reinsurers are measured in accordance with the terms of each reinsurance contract. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when incurred.

Statements of Accounting Policies

For the year ended 31 December 2013

The Group had the right to set-off re-insurance payables against the amount due from re-insurance and brokers in line with the agreed arrangement between both parties.

Reinsurance recoverables are estimated in a manner consistent with the outstanding claims provision and claims incurred associated with the reinsurer's polices and in accordance with the related insurance contract. They are measured at their carrying amount less impairment charges. Amounts recoverable under reinsurance contracts are assessed for impairment at each reporting date. If there is objective evidence of impairment, the Group reduces the carrying amount of its insurance assets to its recoverable amount and recognizes the impairment loss in the income statement.

(b) Reinsurance Expense

Reinsurance expense represents outward premium paid to reinsurance companies less the unexpired portion as at the end of the accounting year.

(iv) Commission income

Commission income is recognized on ceding business to the reinsurer, and are credited to the profit and loss account.

(v) Underwriting expenses

Underwriting expenses comprise acquisition and maintenance expenses.

Underwriting expenses for insurance contracts are recognized as expense when incurred, with the exception of acquisition costs which are recognized on a time apportionment basis in respect of risk.

(vi) Claims

Claims and loss adjustment expenses are charged to statement of profit or loss and other comprehensive income as incurred based on the estimated liability for compesation owed to the contract holders or beneficiaries. They include direct and indirect claims settlement cost and arise from events that have occurred up to the reporting period, whether they have been reported or not. The Group does not discount its liabilities for unpaid claims.

The provision for outstanding claims, is estimated based on historic information on reported cases and the ultimate liability may vary as a result of subsequent information and events and may result in significant adjustments to the amounts provided. Adjustments to the amounts of claims provision for prior years are reflected in the income statement in the financial period in which adjustments are made, and disclosed separately if material.
The measurement of outstanding claims have been detailed out under note 4(r) (Insurance contract liabilities).

Reinsurance recoverables are recognized when the Group records the liability for the claims and are not netted off claims expense but are presented separately in the income statement.

(vii) Salvages

Some non-life insurance contracts permit the Group to sell (usually damaged) property acquired in the process of settling a claim. The Group may also have the right to pursue third parties for payment of some or all costs of damages to its clients property (i.e. subrogation right).
Salvage recoveries are used to reduce the claim expense.

(vi) Subrogation

Subrogation is the right for an insurer to pursue a third party that caused an insurance loss to the insured. This is done as a means of recovering the amount of the claim paid to the insured for the loss. A receivable for subrogation is recognized in other assets when the liability is settled and the Group has the right to receive future cash flow from the third party.

(vii) Receivables and payables related to insurance contracts

Insurance receivables and payables are recognised when due. These include amounts due to and from agents, brokers and insurance contract holders. If there is objective evidence that the insurance receivable is impaired, the Group reduces the carrying amount of the insurance receivable accordingly and recognises the impairment loss in the income statement. The Group determines the objective evidence that an insurance receivable is impaired using the same methodology adopted for financial assets held at amotised cost. The impairment loss is calculated using the same method used for these financial assets.

(r) Insurance contract liabilities

The recognition and measurement of insurance contracts have been set out under note 4q. Insurance contract liabilities are determined as follows:

Reserves for unearned premium and unexpired risk

The reserve for unearned premium is calculated on a time apportionment basis in respect of risk accepted during the year. A provision for additional unexpired risk reserve is recognised for an underwriting year where it is determined that the estimated cost of claims and expenses would exceed the unearned premium reserve.

Reserves for outstanding claims

The reserve for outstanding claims is maintained at the total amount of outstanding claims incurred plus claims incurred but not reported ("IBNR") as at the reporting date.The IBNR is based on the liability adequacy test.

Statements of Accounting Policies

For the year ended 31 December 2013

Liability adequacy test

The net liability for insurance contracts is tested for adequacy by discounting current estimates of all future contractual cash flows and comparing this amount to the carrying value of the liability net of deferred acquisition costs. Where a shortfall is identified, an additional provision is made and the Group recognizes the deficiency in the statement of profit or loss. Insurance contract liabilities are subject to liability adequacy testing on an annual basis. The method of valuation and assumptions used, the cashflows considered and the discounting and aggregation practices adopted have been set out in the following notes.

Reserving Methodology and Assumptions

For non-life insurance risks, the Company uses different methods to incorporate the various assumptions made in order to estimate the ultimate cost of claims. The two methods more commonly used are the Discounted Inflation-adjusted Basic Chain Ladder and the Expected Loss Ratio methods adjusted for assumed experience to date.

Claims data was grouped into triangles by accident year or quarter and payment year or quarter. The choice between quarters or years was based on the volume of data in each segment. The claims paid data was sub – divided into large and attritional claims. Large claims were projected separately as they can significantly distort patterns. Where there was insufficient claim data, large and attritional claims were projected together as removing large claims would reduce the volume of data in the triangles and compromise the credibility.

Discounted Inflation-adjusted Basic Chain Ladder method

Historical claims paid were grouped into 6-year cohorts – representing when they were paid after their underwriting year. These cohorts are called claim development years and the pattern for 6 years was studied. The historical paid losses are projected to their ultimate values for each underwriting year by calculating the loss development factors for each development year. The ultimate claims are then derived using the loss development factors and the latest paid historical claims.

The historical paid losses are inflated using the corresponding inflation index in each of the accident years to the year of valuation and then accumulated to their ultimate values for each accident year to obtain the projected outstanding claims. These projected outstanding claims are then further multiplied by the future inflation index from the year of valuation to the future year of payment of the outstanding claims.

The resulting claims estimated is discounted to the valuation date using a discount rate of 10% to allow for a margin of prudence.

The future claims (the ultimate claim amount less paid claims to date) are allocated to future payment periods in line with the development patterns. The outstanding claims reported to date are then subtracted from the total future claims to give the resulting IBNR figure per accident year or quarter. i.e. IBNR = Ultimate claim amount minus paid claims till date minus claims outstanding.

Assumptions underlying the Discounted Inflation-adjusted Basic Chain Ladder method

This method assumes the following:

- The future claims follows a trend pattern from the historical data
- Payment patterns will be broadly similar in each accident year. Thus the proportionate increases in the known cumulative payments from one development year to the next used to calculate the expected cumulative payments for the future development periods.
- The run off period is six (6) years and hence the method assumes no more claims will be paid subsequently.
- That weighted past average inflation will remain unchanged into the future.

Expected Loss Ratio method

This model assumes that the average delay in the payment of claims will continue into the future. Additionally, an estimate of the average ultimate loss ratio was assumed. The estimated average loss ratio was based on claims experience at the reporting date for accident years 2007 to 2013. For 3 of the classes of business namely Engineering, Bond and Oil & gas, there was very limited data. A Discounted Inflation-adjusted Basic Chain Ladder method was therefore inappropriate. The reserve was calculated as the expected average ultimate loss ratio for the assumed average delay period multiplied by earned premium for the assumed delay period minus current experience to the reporting date relating to the accident months that the delay affects.

Discounting

No allowance has been made for discounting as these reserves are for short term contracts, the effect of discounting is not expected to have a significant impact on the reserves.

(s) Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. The fair value of a non-interest bearing liability is its discounted repayment amount. If the due date of the liability is less than one year discounting is omitted.

(t) Provisions and other payables

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are determined by discounting the expected future cash flows at the rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

Other payables are recognized at carrying amounts as and when due.

Statements of Accounting Policies

For the year ended 31 December 2013

(u) Current and deferred tax

Income tax comprises current and deferred tax. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred income tax arises from initial recognition of the asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using the tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax is realisable or the deferred income tax liability is payable.

Deferred income tax assets are recognised to the extent that it is possible that future profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the Group controls the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is legally enforceable right to offset current tax assets against current tax liabilities and when deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different entities where there is an intention to settle the balances on a net basis.

The tax effects of carry-forwards of unused losses or unused tax credits are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilised.

Deferred tax related to fair value re-measurement of available-for-sale investments, which are charged or credited directly in other comprehensive income, is also credited or charged to other comprehensive income and subsequently recognised in the consolidated income statement together with the deferred gain or loss.

Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future and differences arising from investment property measured at fair value whose carrying amount will be recovered through use.

(v) Share capital & reserves

(i) Share capital

The Group classifies ordinary shares and share premium as equity when there is no obligation to transfer cash or other assets.

Incremental costs directly attributable to issue of shares are recognized as deductions from equity net of any tax effects.

(ii) Dividend on ordinary shares

Dividends on the Company's ordinary shares are recognised in equity in the period in which they are paid or, if earlier, approved by the Company's shareholders.

Dividend distribution to the Company's shareholders is recognized as a liability in the financial statements in the period in which the dividends are approved by the Company's shareholders. Dividends that are proposed but not yet declared are disclosed in the notes to the financial statements.

(w) Contingency reserves

In compliance with Section 21 (2) of Insurance Act 2003, the contingency reserve is credited with the greater of 3% of total premiums, or 20% of the net profits. This shall accumulate until it reaches the amount of greater of minimum paid-up capital or 50 percent of net premium.

(x) Retained earnings

Retained earnings represent accumulated profits or losses from operations.

(y) Asset revaluation reserve

Asset revaluation reserve represents revaluation surplus on revalued property in use by the Company. When an individual property is revalued, any increase in its carrying amount is transferred to an asset revaluation reserve.

Statements of Accounting Policies

For the year ended 31 December 2013

(z) Fair value reserve

Fair value reserve represents valuation surplus on available-for-sale assets. It incorporates the cummulative net change in the fair value of available-for-sale financial assets until assets are derecognised or impaired.

(aa) Earnings per share

The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period excluding treasury shares held by the Group.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

(ab) Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or the Group has a present obligation as a result of past event which is not recognised because it is not probable that an outflow of resources will be required to settle the obligation; or the amount cannot be reliably estimated. Contingent liabilities normally comprise legal claims or court process in respect of which a liability is not likely to crystallise.

(ac) Other income

(i) Investment and other operating income

Investment income comprises interest income earned on short-term deposits, rental income and income earned on trading of securities including all realised and unrealised fair value changes, interest, dividends and foreign exchange differences. Investment income is accounted for on an accrual basis.

Interest income and expenses for all interest-bearing financial instruments including financial instruments measured at fair value through profit or loss, are recognised within 'investment income' and 'finance costs' in the income statement using the effective interest rate method. Fees and commissions that form part of an integral part of the effective yield of a financial instrument are recognised as an adjustment to the effective interest rate of the instrument. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument.

(ii) Dividend income

Dividend is recognized as earned when the quoted price of the related security is adjusted to reflect the value of the dividend and is stated net of withholding tax. Scrip dividend is recognized on the basis of the market value of the shares on the date they are quoted.

(ad) Management expenses

Management expenses are expenses other than claims and underwriting expenses.They are accounted for on an accrual basis and comprise the following:

(i) Employee benefits

- *Short-term benefits*

Short-term employee benefit obligations include wages, salaries and other benefits which the Group has a present obligation to pay, as a result of employees' services provided up to the reporting date. The accrual is calculated on an undiscounted basis, using current salary rates.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

- *Post-employment benefits*

The Group operates a defined contributory retirement scheme as stipulated in the Pension Reform Act 2004. Under the defined contribution scheme, the Company pays fixed contributions of 7.5% to a separate entity – Pension Fund Administrators; employees also pay (through deduction from payroll) the same fixed percentage to the same entity. Once the contributions have been paid, the Group retains no legal or constructive obligation to pay further contributions if the Fund does not hold enough assets to finance benefits accruing under the retirement benefit plan. The Group's obligations are recognized in the profit and loss account.

(ii) Other operating expenses

Other operating expenses are expenses other than claims and underwriting expenses. They include depreciation expenses and other operating expenses. They are recognised on an accrual basis.

Statements of Accounting Policies
For the year ended 31 December 2013

(ae) Segment reporting

A segment is a distinguishable component of the Group that is engaged in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Group's primary format for segment reporting is based on business segments.

5 New standards and interpretations not yet adopted

A number of standards, amendments to standards and interpretations are effective for annual periods beginning after 1 Jaunuary 2013, and have not been applied in preparing these consolidated financial statements. Those that may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

Effective for the financial year commencing 1 January 2014

(i) IAS 32 *Offsetting Financial Assets and Financial Liabilities*
(ii) Investment entities (amendments to IFRS 10, IFRS 12 and IAS 27)
(iii) IFRIC 21 *Levies*
(iii) Recoverable Amount Disclosures for Non-Financial Assets (Amendment to IAS 36)

Effective for the financial year commencing 1 January 2015

(v) Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)

Effective for the financial year commencing 1 January 2018

(vi) IFRS 9 *Financial instruments*

All Standards and Interpretations will be adopted at their effective date (except for those Standards and Interpretations that are not applicable to the entity).

The Company is still evaluating the effect of the new standards, however the directors are of the opinion that the application of the new Standards and Interpretations will be as follows:

(i) Amendments to IAS 32 Financial Instruments: Presentation: Offsetting Financial Assets and Financial Liabilities

The amendments clarify when an entity can offset financial assets and financial liabilities by explaining when an entity currently has a legally enforceable right to set-off and when gross settlement is equivalent to net settlement. This amendment is effective for annual periods beginning on or after 1 January 2014 with early adoption permitted.

(ii) Investment entities (Amendments to IFRS 10, IFRS 12 and IAS 27)

The amendments clarify that a qualifying investment entity is required to account for investments in controlled entities, as well as investments in associates and joint ventures, at fair value through profit or loss; the only exception would be subsidiaries that are considered an extension of the investment entity's investment activities. The consolidation exemption is mandatory and not optional.

This amendment will result in the Group having to account for investments in controlled entities, as well as investments in associates and joint ventures, at fair value through profit or loss. This amendment is effective for annual periods beginning on or after 1 January 2014 with early adoption permitted.

(iii) IFRIC 21 *Levies*

Levies have become more common in recent years, with governments in a number of jurisdictions introducing levies to raise additional income. Current practice on how to account for these levies is mixed. IFRIC 21 provides guidance on accounting for levies in accordance with IAS 37 Provisions, Contingent Liabilities and Assets. The Interpretation is effective for annual periods commencing on or after 1 January 2014 with retrospective application.

(iv) Recoverable amount disclosures for non-financial assets (amendments to IAS 36)

The amendments reverse the unintended requirement in IFRS 13 Fair Value Measurement to disclose the recoverable amount of every cash-generating unit to which significant goodwill or indefinite-lived intangible assets have been allocated. Under the amendments, the recoverable amount is required to be disclosed only when an impairment loss has been recognised or reversed.

The amendments apply retrospectively for annual periods beginning on or after 1 January 2014 with early adoption permitted. The Group will adopt the amendments for the year ending 31 December 2014.

(v) Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)

The amendments clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. In addition, it permits a practical expedient if the amount of the contributions is independent of the number of years of service. The amendments are effective for annual periods beginning on or after 1 July 2014, with earlier application being permitted.

(vi) IFRS 9 *Financial instruments*

IFRS 9 (2009) introduces new requirements for the classification and measurement of financial assets. Under IFRS 9 (2009), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 (2010) introduces additions relating to financial liabilities. The IASB currently has an active project to make limited amendments to the classification and measurement requirements of IFRS 9 and add new requirements to address the impairment of financial assets and hedge accounting.

The effective date of IFRS 9 was 1 January 2015. The effective date has been postponed to 1 January 2018. The Company will adopt the Standard in the first annual period beginning on or after the mandatory effective date (once specified). The impact of the adoption of IFRS 9 has not yet been estimated as the standard is still being revised and impairment and macro-hedge accounting guidance is still outstanding.

Notes to the Financial Statements
For the year ended 31 December 2013

6 Critical Accounting Estimates and Judgement

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Critical accounting estimates and judgements have been applied as follows:

(a) The ultimate liability arising from claims made under insurance contracts

The estimation of the ultimate liability arising from claims made under insurance contracts is one of the Company's most critical accounting estimate. There are sources of uncertainty that need to be considered in the estimation of the liability that the Company will ultimately pay for such claims.

The ultimate cost of outstanding claims is estimated by using a standard actuarial claims projection techniques called the Basic Chain Ladder (BCL).

The main assumption underlying this technique is that the Company's past claims development experience can be used to project future claims development and hence ultimate claims costs. As such, this method extrapolates the development of paid and incurred losses, average costs per claim and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident years and the assumptions used are those implicit in the historical claims development data on which the projections are based. Additional qualitative judgment is used to assess the extent to which past trends may not apply in future, (for example to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims, inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the likely outcome from the range of possible outcomes, taking account of all the uncertainties involved.

The carrying value at the reporting date of general insurance contract liabilities is ₦3.31 billion (2012:₦3.61 billion). See note 39.

(b) Fair value of financial instruments

The determination of fair value for financial assets and financial liabilities for which there is no observable market price requires the use of valuation techniques as described in Note 4(d)iii of the accounting policy. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the requirements.

- Level 1: Quoted market price in an active market for an identical instrument.

- Level 2: Valuation techniques based on observable inputs. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instruments valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations.

The fair value of financial instruments where no active market exists or where quoted prices are not otherwise available are determined by using valuation techniques. In these cases the fair values are estimated from observable data in respect of similar financial instruments or using models. Where market observable inputs are not available, they are estimated based on appropriate assumptions.

Models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practical, models use only observable data; however, areas such as credit risk (both own credit risk and counterparty risk), volatilities and correlations require management to make estimates.

Notes to the Financial Statements

For the year ended 31 December 2013

Below is the analysis of financial instruments measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised:

In thousands of Nigerian Naira	Note	Level 1	Level 2	Level 3	Total
31 December 2013					
Available-for-sale securities (Quoted equities)	25	421,301	-	-	421,301
31 December 2012					
Available-for-sale financial securities (Quoted equities)	25	276,105	-	-	276,105

There were no investment securiities fair- valued using either level 2 or level 3 hierarchy during the year.

(c) Fair value of unquoted equity financial instruments

Investments in unquoted equity financial instrument is measured at fair value, however, where the fair value cannot be reliably estimated, it is carried at cost less impairment loss.

The Company's investment in unquoted equity financial instrument could not be fair valued as there were no observable data for which the entity could be fair valued. The carrying amount was therefore based on cost. The investment is tested for impairment using the net assets basis. Other factors such as profits from operations and returns on the investment in form of dividend received are also considered.

(d) Impairment of available-for-sale equity financial assets

The Group determines that available-for-sale equity financial assets are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgment. In making this judgment, the Group evaluates among other factors, the normal volatility in share price, the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cashflow. In this respect, a decline of 20% or more is regarded as significant, and a period of 12 months or longer is considered to be prolonged. If any such quantitative evidence exists for available-for-sale financial assets, the asset is considered for impairment, taking qualitative evidence into account.

(e) Impairment of trade receivables (premium debtors)

The Company assesses at the end of each reporting period whether there is objective evidence that trade receivables are impaired.

The Company determines whether impairment losses are incurred if and only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the receivable (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the receivable that can be reliably estimated, or a trigger event is identified.

(f) Liabilities arising from insurance contracts

Liabilities for unpaid claims are estimated on case by case basis. The reserves made for claims fluctuate based on the nature and severity of the claim reported. Claims incurred but not reported are dertermined using statistical analyses and the Group deems the reserves as adequate.

Sensitivity analysis
Sensitivity analyses are performed to test the variability around the reserves that are calculated at the best estimate level. The sensitivity analysis is done to determine how the IBNR reserve amount would change if a 75th percentile is considered as opposed to the best estimate figures included in reserve reviews as at 31 December 2013. The 75th percentile is a generally accepted level of prudency.

Notes to the Financial Statements

For the year ended 31 December 2013

(g) Depreciation and carrying value of property and equipment

The estimation of the useful lives of assets is based on management's judgement. Any material adjustment to the estimated useful lives of items of property and equipment will have an impact on the carrying value of these items.

(h) Determination of impairment of property and equipment, and intangible assets

Management is required to make judgements concerning the cause, timing and amount of impairment. In the identification of impairment indicators, management considers the impact of changes in current competitive conditions, cost of capital, availability of funding, technological obsolescence, discontinuance of services and other circumstances that could indicate that impairment exists. This requires management to make significant judgements and estimates concerning the existence of impairment indicators, separate cash generating units, remaining useful lives of assets, projected cash flows and net realisable values. Management's judgement is also required when assessing whether a previously recognised impairment loss should be reversed.

(i) Income taxes

The Company is subject to income taxes in the local jurisdiction. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Consolidated and Separate Statements of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2013

(All amounts are in thousands of naira)

	Note	Group		Company	
		31-Dec-2013	31-Dec-2012	31-Dec-2013	31-Dec-2012
Gross premium written	10	**3,023,935**	**3,170,364**	**3,023,935**	**3,170,364**
Gross premium income	11	3,080,094	3,022,470	3,080,094	3,022,470
Reinsurance expenses	12	(1,397,294)	(1,381,763)	(1,397,294)	(1,381,763)
Net premium income		1,682,800	1,640,707	1,682,800	1,640,707
Commission income	13	315,525	376,969	315,525	376,969
Net underwriting income		**1,998,325**	**2,017,676**	**1,998,325**	**2,017,676**
Claims expenses (Gross)	17	1,151,962	1,770,677	1,151,962	1,770,677
Claims expenses recovered from reinsurers	17	(583,706)	(1,084,384)	(583,706)	(1,084,384)
Claims expenses (Net)		568,256	686,293	568,256	686,293
Underwriting expenses	18	477,716	414,402	477,716	414,402
Total underwriting expenses		**1,045,972**	**1,100,695**	**1,045,972**	**1,100,695**
Underwriting profit		**952,353**	**916,981**	**952,353**	**916,981**
Investment income	14	844,133	935,726	840,275	931,207
Net realized losses on financial assets		(8,346)	(8,861)	(8,346)	(8,861)
Net fair value gains on assets at fair value through profit or loss	15	12,000	42,524	12,000	42,524
Other operating income	16	408,509	139,220	400,038	130,596
Total investment income		1,256,296	1,108,609	1,243,967	1,095,466
Net operating income		**2,208,649**	**2,025,590**	**2,196,320**	**2,012,447**
Employee benefit expense	19	(413,801)	(472,676)	(413,801)	(472,676)
Depreciation and amortization		(39,855)	(100,660)	(39,855)	(100,347)
Other operating expenses	20	(311,017)	(350,294)	(300,452)	(342,973)
		(764,673)	(923,630)	(754,108)	(915,996)
Impairment of financial assets	21	450,526	(360,271)	450,526	(360,271)
		(314,147)	**(1,283,901)**	**(303,582)**	**(1,276,267)**
Profit before tax		1,894,502	741,689	1,892,738	736,180
Income tax expense	22	(515,461)	(45,111)	(511,780)	(41,925)
Profit after tax for the year		**1,379,041**	**696,578**	**1,380,958**	**694,255**

Other comprehensive income					
Items that will never be reclassified to profit or loss		-	-	-	-
Items that are or may be reclassified to profit or loss					
Fair value gain/(loss) on revaluation of land and building	37	157,222	(296,445)	157,222	(296,445)
Fair value gain on available-for-sale financial assets	48	120,478	99,624	120,478	99,624
Related tax	43 (b)	(66,536)	(165,336)	(66,536)	(165,336)
Other comprehensive income for the year, net of tax		**211,164**	**(362,157)**	**211,164**	**(362,157)**
Total comprehensive income for the year		**1,590,205**	**334,421**	**1,592,122**	**332,098**
Attributable to shareholders		1,590,205	334,421	1,592,122	332,098
Earning per share - Basic and diluted (kobo)	23	42	21	42	21

The accompanying notes form an integral part of these financial statements.

Consolidated and Separate Statements of Financial Position

As at 31 December 2013
(All amounts are in thousands of naira)

	Note	Group 31-Dec-2013	Group 31-Dec-2012	Company 31-Dec-2013	Company 31-Dec-2012
Assets					
Cash and cash equivalents	24	1,815,459	3,041,135	1,809,854	3,034,255
Available-for-sale securities	25	421,776	302,897	421,736	302,897
Held-to-maturity securities	26	6,101,945	3,102,540	6,101,945	3,102,540
Loans and receivables	27	15,[illegible]	95,283	19,842	93,947
Pledged assets	28	223,165	255,327	223,165	255,327
Trade receivables	29	18,093	676,606	18,092	676,606
Reinsurance assets	30	1,559,302	1,633,029	1,565,202	1,633,029
Deferred acquisition cost	31	115,006	67,655	115,596	67,635
Other receivables and prepayment	32	332,289	325,855	326,460	328,149
Investments in finance lease	33	62,432	141,653	62,432	141,653
Investment in subsidiary	34	-	-	1,000	1,000
Investment property	35	305,000	293,000	305,000	293,000
Intangible assets	36	654	-	-	-
Property and equipment	37	1,262,612	1,140,353	1,262,555	1,140,076
Statutory deposits	38	315,000	315,000	315,000	315,000
Total assets		12,399,937	11,390,311	12,389,940	11,389,134
Liabilities					
Insurance contract liabilities	39	3,211,615	3,610,600	3,211,015	3,610,600
Trade payables	40	777,812	718,448	82,912	718,448
Accruals and other payables	41	792,415	746,571	80,571	748,814
Current income tax liabilities	42	80,159	131,382	80,625	128,433
Deferred tax liabilities	43	360,530	242,965	360,172	242,987
Total liabilities		5,529,389	5,449,966	5,557,060	5,489,276
Equity					
Issued and paid share capital	44	5,300,000	3,300,000	5,300,000	3,300,000
Contingency reserve	45	1,281,913	1,085,720	1,281,919	1,085,720
Retained earnings	46	1,351,834	904,975	1,313,254	868,484
Asset revaluation reserve	47	959,023	819,968	959,023	819,968
Fair value reserve	48	(73,290)	(174,318)	(73,290)	(174,318)
Total equity		6,870,550	5,940,345	6,831,880	5,899,858
Total liabilities and equity		12,399,937	11,390,311	12,389,940	11,389,134

The financial statements and accompanying notes were approved by the Board of Directors on 20 May 2014 and signed on its behalf by:

General T.Y. Danjuma (Rtd.) G.C.O.N.
Chairman
FRC/2013/IODN/00000003130

J. El-Maiai
Managing Director/Chief Executive Officer
FRC/2013/IODN/00000003171

Additionally certified by:

Nkechi F. Agu
Ag. Financial Controller
FRC/2013/ICAN/00000001606

The accompanying notes form an integral part of these financial statements.

Consolidated and Separate Statements of Changes in Equity

For the year ended 31 December 2013

(All amounts are in thousands of naira)

GROUP

	Attributable to the equity holders of the Group					
	Share capital	**Contingency reserve**	**Asset revaluation reserve**	**Fair value reserve**	**Retained earnings**	**Total equity**
At 1 January 2013	3,300,000	1,085,720	819,968	(174,318)	908,975	5,940,345
Total comprehensive income for the year:						
Profit for the year	-	276,192	-	-	1,102,849	1,379,041
Other comprehensive income for the year	-	-	157,222	120,478	-	277,700
Tax on other comprehensive income			(47,167)	(19,369)		(66,536)
Total comprehensive income for the year	-	276,192	110,055	101,109	1,102,849	1,590,205
Transactions with owners:						
Dividend to equity holders	-	-	-	-	(660,000)	(660,000)
Total transactions with owners	-	-	-	-	(660,000)	(660,000)
At 31 December 2013	**3,300,000**	**1,361,912**	**930,023**	**(73,209)**	**1,351,824**	**6,870,550**

	Attributable to the equity holders of the Group					
	Share capital	**Contingency reserve**	**Asset revaluation reserve**	**Fair value reserve**	**Retained earnings**	**Total equity**
At 1 January 2012	3,300,000	946,869	1,301,118	(293,311)	879,248	6,133,924
Total comprehensive income for the year:						
Profit for the year	-	138,851	-	-	557,727	696,578
Other comprehensive income for the year	-	-	(296,445)	99,624	-	(196,821)
Tax on other comprehensive income	-	-	(184,705)	19,369	-	(165,336)
Total comprehensive income for the year	-	138,851	(481,150)	118,993	557,727	334,421
Transactions with owners:						
Dividend to equity holders	-	-	-	-	(528,000)	(528,000)
Total transactions with owners	-	-	-	-	(528,000)	(528,000)
At 31 December 2012	**3,300,000**	**1,085,720**	**819,968**	**(174,318)**	**908,975**	**5,940,345**

The accompanying notes form an integral part of these financial statements.

COMPANY

	Attributable to the equity holders of the Company					
	Share capital	**Contingency reserve**	**Asset revaluation reserve**	**Fair value reserve**	**Retained earnings**	**Total equity**
At 1 January 2013	3,300,000	1,085,720	819,968	(174,318)	868,488	5,899,858
Total comprehensive income for the year:						
Profit for the year	-	276,192	-	-	1,104,766	1,380,958
Other comprehensive income for the year	-	-	157,222	120,478	-	277,700
Tax on other comprehensive income	-	-	(47,167)	(19,369)	-	(66,536)
Total comprehensive income for the year	-	276,192	110,055	101,109	1,104,766	1,592,122
Transactions with owners:						
Dividend to equity holders	-	-	-	-	(660,000)	(660,000)
Total transactions with owners	-	-	-	-	(660,000)	(660,000)
At 31 December 2013	**3,300,000**	**1,361,912**	**930,023**	**(73,209)**	**1,313,254**	**6,831,980**

	Attributable to the equity holders of the Company					
	Share capital	**Contingency reserve**	**Asset revaluation reserve**	**Fair value reserve**	**Retained earnings**	**Total equity**
At 1 January 2012	3,300,000	946,869	1,301,118	(293,311)	841,084	6,095,760
Total comprehensive income for the year:						
Profit for the year	-	138,851	-	-	555,404	694,255
Other comprehensive income for the year	-	-	(296,445)	99,624	-	(196,821)
Tax on other comprehensive income	-	-	(184,705)	19,369	-	(165,336)
Total comprehensive income for the year	-	138,851	(481,150)	118,993	555,404	332,098
Transactions with owners:						
Dividend to equity holders	-	-	-	-	(528,000)	(528,000)
Total transactions with owners	-	-	-	-	(528,000)	(528,000)
At 31 December 2013	**3,300,000**	**1,085,720**	**819,968**	**(174,318)**	**868,488**	**5,899,858**

The accompanying notes form an integral part of these financial statements.

Consolidated and Separate Statements of Cash Flows

For the year ended 31 December 2013

(All amounts are in thousands of naira)

		Group		Company	
	Note	**31-Dec-2013**	**31-Dec-2012**	**31-Dec-2013**	**31-Dec-2012**
Net cash flow from operating activities before changes	50	1,413,053	961,941	1,411,289	956,119
Changes in operating assets and liabilities	51	888,384	739,640	879,797	741,149
Interest received		(787,102)	(806,706)	(783,244)	(802,187)
VAT paid		(1,187)	(2,683)	(1,187)	(2,683)
		1,513,148	892,192	1,506,655	892,398
Income tax paid	42	(88,638)	(249,836)	(88,638)	(246,955)
Net cash generated from operating activities		**1,424,510**	**642,356**	**1,418,017**	**645,443**
Cash flows from investing activities					
Purchase of investment securities		(2,969,834)	(261,282)	(2,969,834)	(261,282)
Dividends received	14	21,925	13,863	21,925	13,863
Interest received	14	787,102	806,706	783,244	802,187
Rent received	16	83,160	83,160	83,160	83,160
Purchase of intangible assets	36	(654)	-	-	-
Purchase of property and equipment	37	(4,912)	(485,086)	(4,912)	(485,086)
Deposit for purchase of property		(100,000)	(100,000)	(100,000)	(100,000)
Proceeds from the sale of property and equipment		1,055	27,811	1,055	27,811
Net cash (used in)/generated from investing activities		**(2,182,157)**	**85,172**	**(2,185,361)**	**80,653**
Cash flows from financing activities					
Dividends paid to owners	46	(660,000)	(528,000)	(660,000)	(528,000)
Net cash used in financing activities		**(660,000)**	**(528,000)**	**(660,000)**	**(528,000)**
Net (decrease) /increase in cash and cash equivalents		(1,417,647)	199,528	(1,427,344)	198,096
Cash and cash equivalents at beginning of year		3,041,133	2,839,951	3,038,255	2,838,505
Effect of exchange difference on cash and cash equivalents		(8,057)	1,654	(8,057)	1,654
Cash and cash equivalents at end of year	24	**1,615,429**	**3,041,133**	**1,602,854**	**3,038,255**

The accompanying notes form an integral part of these financial statements.

Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2013

7 Unitrust's Risk Management Framework

The primary objective of Unitrust's enterprise risk management framework is to protect the Company's stakeholders from events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities. Key management recognises the critical importance of having efficient and effective risk management systems in place.

The Company has established a risk management function with clear terms of reference from the Board of Directors and the Executive Management Committees.

This is supplemented with a clear organizational structure with documented delegated authorities and responsibilities from the Board of Directors to Executive Management Committees and Senior Managers. The Internal Audit unit provides independent and objective assurance on the robustness of the risk management framework, and the appropriateness and effectiveness of internal controls.

The Board of Directors approves the Company's risk management policies and meets regularly to approve any commercial, regulatory and organizational requirements of such policies. These policies define the Company's identification of risk and its interpretation, limit structure to ensure the appropriate quality and diversification of assets, align underwriting and reinsurance strategy to the corporate goals, and specify reporting requirements.

Internal Control and Risk Management Systems

As an insurance company, the management of risk is at the core of the operating structure of Unitrust Insurance Company Limited. As a result, the Company employs the best risk management practices to identify, measure, monitor, control and report every material risk prevalent in its business operation.

The Company's ERM framework is in line with Committee of Sponsoring Organizations of the Treadway Commission (COSO) as approved by the insurance industry regulator, National Insurance Commission (NAICOM), to identify, assess, manage and monitor the risks inherent in our operations.

The risk structure includes the Company's approach to management of risks inherent in the business and its appetite for these risk exposures. Under this approach, the Company's top risks are continuously assessed and the risk profile monitored against approved limits. The main strategies for managing and mitigating risk include policies and tools that target specific broad risk categories.

The Internal Control function is an independent appraisal activity, established by management to conduct reviews and investigations into manual and computer operations and management systems and report findings and recommendations to management for guidance and decision-making.

The mission of Internal Control is to provide independent appraisal of all activities of the Company with the aim of adding value, improve operational efficiency, business effectiveness, risk management and ensure that effective controls are in place. The Internal Control Unit provides management with assurance that the controls which govern the company's activities, computer systems and operations are properly conceived and are being effectively administered.

The major objective of the Internal Control Unit is to examine and evaluate whether the Company's framework for risk management, control, and corporate governance processes are adequate and functional while also advising the Executive Management and the Audit Committee on areas of improvement in internal control and risk management systems.

The Board has adopted a holistic and integrated approach to internal control, governance, risk management and compliance framework. This allows for a mutual and well coordinated approach to managing underwriting, operational, investments, credit, liquidity, and legal/regulatory risks.

In carrying out its duties, the Internal Control Unit has full and unrestricted access to all of the Company's activities, records, and computer systems necessary for the execution of the agreed audit plans. It regularly reviews internal control measures and builds necessary checks and balances through the development of procedures or policies in line with the dictates of events within and outside the Company.

The Internal Control function of the Company is currently conducted on a risk-based approach which focuses on risk as its objectives. This is aimed at providing, on a continuous basis, an independent assurance to the Board that:

- the risk management processes which management has put in place within the Company are sound and operating as intended.
- the responses which management has made to risks which they wish to address are both adequate and effective in reducing those risks to a level acceptable to the Board.
- there is a process in place of reducing potential loss due to risks to an acceptable level while maximising returns from opportunities.
- there is a process in place to help management direct resources to the best opportunities that can create maximum returns with minimum risk while promoting continuous improvement.

Enterprise-wide Risk Management Principles

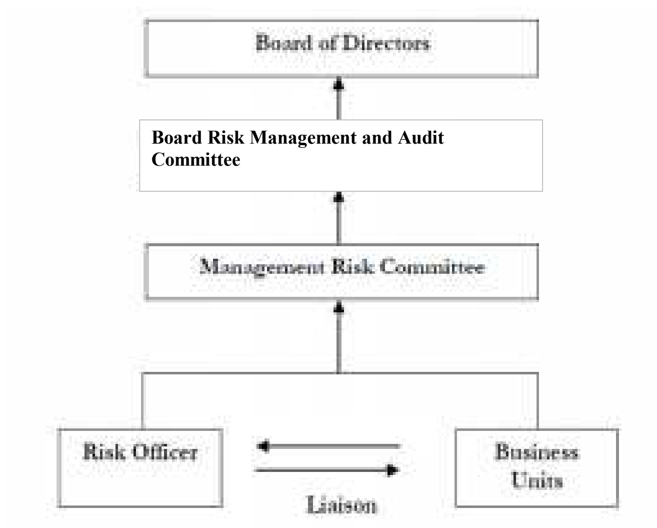
To ensure effective integration over time into organization processes so that risk management not only protects value but creates value, the Company is guided by the following principles:

- the Company will not take any action that will compromise its integrity. It shall identify, measure, manage, control and report as practical as possible all risks.
- the Company will at all times comply with all government regulations and uphold international best practice.
- the Company will build and entrench an enduring risk culture, which shall pervade the entire organization.
- the Company will only accept risks that fall within its risk acceptance criteria and have commensurate returns and continually review its activities to determine inherent risks level and adopt appropriate risk response at all times.
- the Company will make decisions based on careful analysis of the implications of such risk to its strategic goals and operating environment.

Enterprise-wide Risk Management Framework

This framework is developed to promote a strong risk management culture and integrate risk considerations into management and decision-making processes through a robust risk governance structure. It ensures that top risks are properly identified, analyzed and assessed, in a consistent manner across the organization.

ERM Governance Structure



The Board sets the organization's risk appetite, approves the strategy for managing risk and is ultimately responsible for the organization's system of internal control. This function is carried out via its Board Risk Management Committee as follows:

- Assist in the oversight of the review and approval of the companies risk management policy including risk appetite and risk strategy;
- Review the adequacy and effectiveness of risk management and controls;
- Oversee management's process for the identification of significant risks across the company and the adequacy of prevention, detection and reporting mechanisms;
- Review of the company's compliance level with applicable laws and regulatory requirements that may impact the company's risk profile;
- Review changes in the economic and business environment, including emerging trends and other factors relevant to the Company's risk profile;
- Review large underwritten risks for adequacy of reinsurance and other risk management techniques including environmental & social management system; and
- Oversight of enterprise risk management

The Management Risk Committee (MRC) of the Company recommends to the Board Risk Management Committee of the Board an amount at risk that it is prudent for the risk committee to approve in line with the company's business strategies. The Board Risk Management Committee approve the Company's risk appetite each year, based on a well-defined and broad set of risk measures.

MRC is also responsible for establishing, documenting, and enforcing all policies that involve risk. It has the oversight role of ensuring that the business units adhere to the Board's risk directive. The Committee review risk reports from the Risk Management department bi-monthly.

The Chief Risk Officer (CRO) plays a pivotal role in informing the Board, as well as MRC about the risk profile of the Company and also communicates the views of the Board and Senior Management down the Company. The CRO is also responsible for the following:

- Risk identification - locate and properly describe the risks that the business faces.
- Risk analysis - determine the likelihood of identified risks crystallising and the impact on the Company's finances or operation should they crystallise.
- Risk evaluation - determine risk significance (high, medium, low) of analysed risks by ranking them with Board approved risk likelihood and impact benchmark standards.
- Design control measures that will terminate evaluated risk or tame it to a tolerance level in a cost beneficial manner.
- Conduct risk assessment (by way of workshops or other methods) in order to identify, analyse, evaluate risks and design risk control measures.
- Maintenance of the risk registers and compliance register for all applicable laws and regulations.
- Analyse and investigate control failures, incidents and near misses and report to the Management Risk Committee whether remedial/mitigating controls need to be implemented.
- Design, document, and review, from time-to-time, Board approved policy and the standard operating procedures for every unit of the business.
- Document and implement a business continuity plan.

The Enterprise-wide risk management function which reports to the CRO, is in charge of identifying, evaluating, monitoring and recommending risk management solutions for the broad risk categories.

The internal audit functions evaluate the design and conceptual soundness of risk measures, accuracy of risk models, soundness of elements of the risk management information systems, adequacy and effectiveness of the procedures for monitoring risk, the progress of plans to upgrade risk management systems, the adequacy and effectiveness of application controls within the risk management information system, and the reliability of the vetting processes.

Risk Ownership

The primary responsibility for the management of all risks is that of the executive management of the Company. Accordingly, management and staff shall take ownership of all risks, at appropriate levels, and shall have the responsibility to implement the risk control measures that are approved by the Board.

Risk Appetite

The Company recognizes that its long-term sustainability is dependent upon the protection of its reputation, preservation of value and relationship with customers. To this end, the Company will not accept risks that materially impair reputation and value and requires that customers are always treated with integrity. The Company's risk appetite is defined by a clear risk strategy and limit structure. Close risk monitoring and reporting allows for detection of potential deviations from the risk tolerance limit at an early stage at both the Group and operating entity levels.

The risk appetite states how much of the Company's shareholder's funds, embedded value and, forecast earnings the Company is prepared to risk in the process of adding value and attaining its objectives.

It is stated both in quantitative and qualitative terms in order to fully protect its numbers, reputation, values and culture. It aims to ensure that the Company has adequate capital in the event of extreme claim events. It also aims to have good management that can steer the affairs of the enterprise – underwriting, expense levels and good investment returns.

The Company adopts the following three (3) risk appetite matrices in establishing its minimum risk capital need:

- Capital at Risk (CaR) - No more than 15% of shareholders funds will be at risk in extremely stressful circumstances represented by a 99% confidence level over a one year time horizon.
- Embedded Value at Risk (EVaR) - No more than 15% the company's EV will be at risk over a 12 month time horizon with a 99% CI.
- Earnings at Risk (EaR) - Earnings at risk will be no more than 20% the forecast over the next 12 months period with a 90% confidence limit.

Risk Tolerance Limits (RTL)

The Risk Tolerance Limit is a limit set by the Board. It represents a threshold above which the Board believes the strategic objectives of the company can be jeopardized. It is qualitatively and quantitavely determined. The Company has a low Risk Tolerance Limit and the qualitative limits are defined as risks that have high financial impacts if they occur together with a medium likelihood of occurrence. Special attention is paid to the control of risks that fall into this category and the quarterly risk report highlights these high level risks.

Risks Assessment

The consequences of risks actually occurring and current control measures in place to mitigate them are discussed at the risk assessment workshop and documented in the risk register.
The likelihood and impact of each identified potential risk is ranked according to the benchmarks tabulated below – these are reviewable and will typically be outcomes of employee workshops – this participation helps develop risk awareness throughout the Company.

	Likelihood		
Likelihood	**Criteria**	**Timescale Criteria**	**Allocated Score**
Unlikely	<25%	4 years or more	1
Likely	25% - 50%	2 - 4 years	2
May Occur	50% - 80%	Every couple of years	3
Almost Certain	80%+	Almost annual	4

Impact/ Severity	Impact/Severity (₦)	Impact	Allocated Score
Very Low	Up to 2.5m	Regulator unconcerned	1
Low	2.5m - 7.5m	Advise regulator as courtesy.	2
Medium	7.5m - 15m	Notify regulator. Possible sanction.	3
High	15m - 30m	Likely sanction, censure or fine by regulator.	4
Very High	Over 30m	Suspension or removal of trading authorization by regulator possible.	5

Independent Review Process

In order to avoid the cost and risk of regulatory findings, independent review of the ERM framework shall be done by an external consultant/firm every three years or more frequently as and when required. The consultant/firm that the Company shall engage will conduct a systemic, detail oriented test of the framework. The independent review shall make recommendations that will bridge any existing gaps in compliance and technology.

Risk Control Process

Risk control processes are identified and discussed in the quarterly risk report and Management Risk Committee meetings. Control processes are also regularly reviewed at Business Unit level and changes agreed with the Risk Officer.

Risk Categorization

The Company is exposed to an array of risks through its operations. The Company has identified, assessed and categorized its exposure to these risks under four broad headings:

(i) Strategic risks – This specifically focuses on the economic environment, the products offered and the market.

The strategic risks arises from the Company's inability to make appropriate decisions or implement appropriate business plans, strategies, decision making, resource allocation and to adapt to changes in its business environment.

(ii) Insurance risks – These are risks associated with providing insurance products and services.

(iii) Financial risks – These are risks associated with the financial operation of the company, including capital management, investments, liquidity and credit.

(iv) Operational risks – These are risks associated with inadequate or failed internal processes, people and systems, or from external events.

(A) Strategic risks

Capital management policies, objectives and approach

The Company has established the following capital management objectives, policies and approach to managing the risks that affect its capital position:

- To maintain the required level of financial stability thereby providing a degree of security to policyholders
- To allocate capital efficiently and support the development of business by ensuring that returns on capital employed meet the requirements of its capital providers and of its shareholders
- To retain financial flexibility by maintaining strong liquidity and access to a range of capital markets
- To align the profile of assets and liabilities taking account of risks inherent in the business
- To maintain financial strength to support new business growth and to satisfy the requirements of the policyholders, regulators and stakeholders
- To maintain strong credit ratings and healthy capital ratios in order to support its business objectives and maximise shareholders value.

The Company's operations are also subject to regulatory requirements within the jurisdictions in which it operates. The minimum paid up capital requirement as specified by National Insurance Commission (NAICOM) for non-life insurance business is ₦3 billion. Insurers are also mandated to maintain 10% of this paid up capital with the Central Bank as Statutory Deposit. In addition, quarterly and annual returns must be submitted to NAICOM on a regular basis.

The regulations prescribed by NAICOM prescribe approval and monitoring of activities, and impose certain restrictive provisions (e.g. solvency margin) to minimise the risk of default and insolvency on the part of the insurance companies to meet unforeseen liabilities as these arise.

The Company has met all of these requirements throughout the financial year.

In reporting the Company's solvency status, solvency margin is computed using the rules prescribed by the National Insurance Commission (NAICOM). The margin of solvency, according to NAICOM is defined as total admissible assets less total liabilities. This shall not be less than either 15% of net premium or the minimum paid up share capital, whichever is higher.

The solvency margin test compares insurers' capital against the risk profile and NAICOM expect non-life insurers to comply with this capital adequacy requirement. The regulator has the authority to request more extensive reporting and can place restrictions on the Company's operations as deemed necessary if the Company falls below this requirement.

The Company's capital management policy for its insurance and non–insurance business is to hold sufficient capital to cover the statutory requirements based on the NAICOM regulations, including any additional amounts required by the regulators.

The solvency margin for the Company is as follows:

	2013		2012	
	₦'000	₦'000	₦'000	₦'000
Admissible Assets				
Cash and cash equivalents	1,553,532		2,948,593	
Financial assets:				
Available for sale	423,376		302,897	
Held to Maturity	5,806,126		2,968,847	
Loans and receivables	17,642		21,119	
Trade receivables	18,073			
Reinsurance assets	1,503,302		1,633,029	
Deferred acquisition costs	115,036		67,655	
Investments in finance lease	62,432			
Investment in subsidiary	1,000		1,000	
Investment property	305,000		305,000	
Land and building	695,000		695,000	
Other property, plant and equipment	63,960		-	
Statutory Deposits	315,000		315,000	
Total admissible assets		10,879,479		9,258,140
Less: Admissible liabilities				
Insurance contract liabilities	3,311,015		3,564,246	
Trade payables	577,912		718,448	
Accruals and other payables	807,941		625,631	
Taxation	500,620		128,432	
Total admissible liabilities		5,197,488		5,036,757
Excess of Assets (Admissible assets) over Liabilities - Solvency Margin		5,681,991		4,221,383
Higher of:				
i) Gross premium written	3,023,935		3,170,364	
Less: Reinsurance paid during the year	(1,397,294)		(1,381,763)	
Net premium	1,626,641		1,788,601	
15% of Net premium	243,996		268,290	
ii) Minimum paid-up capital	3,000,000		3,000,000	
The higher thereof:		3,000,000		3,000,000
Surplus of Solvency Margin over statutory minimum		2,681,991		1,221,383
Solvency ratio		189%		141%

Approach to capital management

Unitrust Company Limited seeks to optimise the structure and sources of capital to ensure that it consistently maximises returns to the shareholders and policyholders.

The Company's approach to managing capital involves managing assets, liabilities and risks in a coordinated way, assessing shortfalls between reported and required capital level on a regular basis and taking appropriate actions to influence the capital position of the Company in the light of changes in economic conditions and risk characteristics. An important aspect of the Company's overall capital management process is the setting of target risk adjusted rates of return, which are aligned to performance objectives and ensure that the Company is focused on the creation of value for shareholders.

The Company's primary source of capital used is equity shareholders' funds. The Company also utilises, where efficient to do so, sources of capital such as reinsurance in addition to more traditional sources of funding.

The capital requirements are routinely forecast on a periodic basis and assessed against both the forecast available capital and the expected internal rate of return, including risk and sensitivity analyses. The process is ultimately subject to approval by the Board.

The Company has developed a framework to identify the risks and quantify their impact on the economic capital. The framework estimates how much capital is required to reduce the risk of insolvency to a remote degree of probability. The framework has also been considered in assessing the capital requirement.

There has been no significant changes in its policies and processes to its capital structure.

(B) Insurance risks

The risk under insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

The principal risk the Company faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long–term claims. Therefore, the objective of the Company is to ensure that sufficient reserves are available to cover these liabilities.

The risk exposure is mitigated by diversification across a large portfolio of insurance contracts. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements.

The Company cedes out its risk to reinsurers as part of its risk mitigation programme. Business ceded for reinsurance is placed on a proportional and non–proportional basis. The majority of proportional reinsurance is quota–share reinsurance which is taken out, on original terms basis, to reduce the overall exposure of the Company to certain classes of business. Non–proportional reinsurance is primarily excess–of–loss reinsurance designed to mitigate the company's net exposure to large losses. Retention limits for the excess–of–loss reinsurance vary by product line.

Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts. Although the Company has reinsurance arrangements, it is not relieved of its direct credit obligations to its policyholders and thus a credit exposure exists with respect to ceded insurance, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements.

The Company's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Company substantially dependent upon any single reinsurance contract.

Non-life insurance contracts

The Company principally issues the following types of general insurance contracts: fire, motor, general accidents, marine, bond, engineering, workmen compensation and special risks. Risks under non–life insurance policies usually cover twelve months duration.

For general insurance contracts, the most significant risks arise from accidents. These risks do not vary significantly in relation to the location of the risk insured by the Company, type of risk insured and by industry. The risk exposure is mitigated by diversification across a large portfolio of insurance contracts.

(a) Frequency and severity of claims

The frequency and severity of claims can be affected by several factors. The most significant are the increasing level of awards for the damages suffered as a result of accidents. The Company manages these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling.

Underwriting limits are in place to enforce appropriate risk selection criteria. For example, the Company has the right not to renew individual policies, it can impose excess or deductibles and it has the right to reject the payment of a fraudulent claim. Insurance contracts also entitle the Company to pursue third parties for payment of some or all costs.

The reinsurance arrangements include excess and proportional coverage. The effect of such reinsurance arrangements is that the Company should not suffer total net insurance losses in any one year.

The Company has a specialized claims unit that ensures mitigation of the risks surrounding all known claims. This unit investigates and adjusts all claims in conjunction with appointed loss adjusters. The Company actively manages and pursues early settlements of claims to reduce its exposure to unpredictable developments.

Management assesses risk concentration per class of business. The concentration of insurance risk before and after reinsurance by class in relation to the type of insurance risk accepted is summarized below, with reference to the carrying amount of the insurance liabilities (gross and net of reinsurance) arising from non-life insurance.

Year ended 31 December 2013 (in thousands of naira)

Product	Gross sum insured	Reinsurance sum insured	Net sum insured
Fire	328,434,237,389	297,793,706,938	30,640,530,451
General Accident	67,685,258,004	49,459,422,433	18,225,835,571
Marine	54,069,476,559	34,235,940,505	19,833,536,054
Enginnering	208,763,440,794	146,177,993,975	62,585,446,819
Bond	2,251,908,750	965,168,809	1,286,739,941
Special risk	78,437,483,069	57,161,145,033	21,276,338,036
Total	**739,641,804,565**	**585,793,377,693**	**153,848,426,872**

Year ended 31 December 2012 (in thousands of naira)

Product	Gross sum insured	Reinsurance sum insured	Net sum insured
Fire	286,309,648,049	249,229,051,786	37,080,596,263
General Accident	69,120,686,330	54,449,528,666	14,671,157,663
Marine	76,803,637,308	41,635,633,800	35,168,003,508
Enginnering	151,951,243,580	106,128,847,019	45,822,396,561
Bond	2,588,886,658	861,643,967	1,727,242,692
Special risk	41,996,424,330	35,482,869,127	6,513,555,202
Total	**628,770,526,254**	**487,787,574,365**	**140,982,951,889**

Motor and miscellaneous classes of business operate under the 'excess of loss' treaty agreement. The details of the retention are as shown below:

Excess of loss treaty agreement:	**2013**	**2012**
Unitrust priority	10,000,000	10,000,000
1st Layer	15,000,000 Excess of 10,000,000	15,000,000 Excess of 10,000,000
2nd Layer	25,000,000 Excess of 25,000,000	25,000,000 Excess of 25,000,000
3rd Layer	250,000,000 Excess of 50,000,000	250,000,000 Excess of 50,000,000
4th Layer (Third party liability only)	Nil	Nil

(b) *Sources of uncertainty in the estimation of future claim payments*

Claims on non-life insurance contracts are payable on a claims-occurrence basis. The Company is liable for all insured events that occurred during the term of the contract. There are several variables that affect the amount and timing of cash flows from these contracts. These mainly relate to the inherent risks of the business activities carried out by individual contract holders and the risk management procedures they adopted.

The estimated cost of claims includes direct expenses to be incurred in settling claims, net of the expected subrogation value and other recoveries. The Company takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established.

The reserves held for these contracts comprises a provision for IBNR, a provision for reported claims not yet paid and a provision for unearned premiums and unexpired risks at the end of the reporting period.

(c) *Process used to decide on assumptions*

For non-life insurance risks, the Company uses different methods to incorporate the various assumptions made in order to estimate the ultimate cost of claims. The two methods more commonly used are the Discounted Inflation-adjusted Basic Chain Ladder and the Expected Loss Ratio methods adjusted for assumed experience to date.

Claims data was grouped into triangles by accident year or quarter and payment year or quarter. The choice between quarters or years was based on the volume of data in each segment. The claims paid data was sub – divided into large and attritional claims. Large claims were projected separately as they can significantly distort patterns. Where there was insufficient claim data, large and attritional claims were projected together as removing large claims would reduce the volume of data in the triangles and compromise the credibility.

Discounted Inflation-adjusted Basic Chain Ladder method

Historical claims paid were grouped into 6 years cohorts – representing when they were paid after their underwriting year. These cohorts are called claim development years and the patterns for 6 years was studied. The historical paid claims are projected to their ultimate values for each underwriting year by calculating the loss development factors for each development year. The ultimate claims are then derived using the loss development factors and the latest paid historical claims.

The historical paid claims are inflated using the corresponding inflation index in each of the accident years to the year of valuation and then accumulated to their ultimate values for each accident year to obtain the projected outstanding claims. These projected outstanding claims are then further multiplied by the future inflation index from the year of valuation to the future year of payment of the outstanding claims.

The resulting claims estimated is discounted to the valuation date using a discount rate of 10% to allow for a margin of prudence.

The future claims (the ultimate claim amount less paid claims to date) are allocated to future payment periods in line with the development patterns. The outstanding claims reported to date are then subtracted from the total future claims to give the resulting IBNR figure per accident year or quarter. i.e. IBNR = Ultimate claim amount minus paid claims till date minus claims outstanding .

Assumptions underlying the Discounted Inflation-adjusted Basic Chain Ladder method

This method assumes the following:

- The future claims follows a trend pattern from the historical data
- Payment patterns will be broadly similar in each accident year. Thus the proportionate increases in the known cumulative payments from one development year to the next used to calculate the expected cumulative payments for the future development periods.
- The run off period is six (6) years and hence the method assumes no more claims will be paid after this.
- That weighted past average inflation will remain unchanged into the future

Expected Loss Ratio method

This model assumes that the average delay in the payment of claims will continue into the future. Additionally, an estimate of the average ultimate loss ratio was assumed. The estimated average loss ratio was based on claims experience at the reporting date for accident years 2010, 2011, 2012 and 2013. For 3 of the classes of business namely Engineering, Bond and Oil & gas, there was limited data. A Discounted Inflation-adjusted Basic Chain Ladder method was therefore inappropriate. The reserve was calculated as the expected average ultimate loss ratio for the assumed average delay period multiplied by earned premium for the assumed delay period minus current experience to the reporting date relating to the accident months that the delay affects.

Unearned premium provision was calculated using a time – apportionment basis. The same approach was taken for deferred acquisition cost for the calculation of the UPR balance.

Reinsurance agreements

For IFRS compliance purposes, all reserves are reported gross of reinsurance, with the value of the reinsurance asset calculated and reported separately.

Claims development tables

The development of insurance liabilities provides a measure of the Company's ability to estimate the ultimate value of claims. The summary of claims development history of the Company at the reporting date was as follows:

	Fire - Incremental Development Pattern - Annual Projections						
Accident years	1	2	3	4	5	6	7
2007	62,797,066	46,473,130	1,318,610	74,000	93,618	-	-
2008	37,938,599	58,700,702	733,355	32,636	-	-	-
2009	42,966,114	49,138,368	29,072,241	4,361,011	-	-	-
2010	41,634,181	47,615,097	13,063	84,375	-	-	-
2011	57,103,477	95,772,437	6,260,307	-	-	-	-
2012	89,254,964	37,271,520	-	-	-	-	-
2013	266,214,843						

	Fire - Cummulative Development Pattern - Annual Projections						
Accident years	1	2	3	4	5	6	7
2007	62,797,066	109,270,196	110,588,806	110,662,806	110,756,424	110,756,424	110,756,424
2008	37,938,599	96,639,302	97,372,657	97,405,293	97,405,293	97,405,293	97,405,293
2009	42,966,114	92,104,482	121,176,724	125,537,735	125,537,735	125,537,735	125,537,735
2010	41,634,181	89,249,279	89,262,341	89,346,716	89,371,789	89,371,789	89,371,789
2011	57,103,477	152,875,914	159,136,221	160,867,556	160,912,700	160,912,700	160,912,700
2012	89,254,964	126,526,485	135,286,789	136,758,653	136,797,031	136,797,031	136,797,031
2013	266,214,843	377,382,126	403,510,904	407,900,934	408,015,401	408,015,401	408,015,401

	General Accident - Incremental Development Pattern - Annual Projections						
Accident years	1	2	3	4	5	6	7
2007	32,662,080	24,180,786	17,590,148	12,998,047	5,552,319	1,363,945	-
2008	19,581,868	78,351,904	37,566,203	5,562,661	3,538,589	-	-
2009	70,006,075	91,933,290	27,579,342	6,008,157	-	-	-
2010	81,454,384	134,319,165	16,493,617	3,215,870	-	-	-
2011	62,862,534	103,661,002	23,382,460	-	-	-	-
2012	89,961,135	54,525,645	-	-	-	-	-
2013	33,571,303						

	General Accident - Cummulative Development Pattern - Annual Projections						
Accident years	1	2	3	4	5	6	
2007	32,662,080	56,842,865	74,433,014	87,431,061	92,983,380	94,347,324	94,347,324
2008	19,581,868	97,933,772	135,499,975	141,062,636	144,601,225	144,601,225	144,601,225
2009	70,006,075	161,939,365	189,518,707	195,526,864	195,526,864	196,960,926	196,960,926
2010	81,454,384	215,773,549	232,267,166	235,483,036	242,436,877	244,214,993	244,214,993
2011	62,862,534	166,523,536	189,905,995	202,308,18	208,282,373	209,809,988	209,809,988
2012	89,961,135	144,486,780	175,701,745	187,176,301	192,703,639	194,116,994	194,116,994
2013	33,571,303	105,854,416	128,723,234	137,129,763	141,179,221	142,214,678	142,214,678

	Marine - Incremental Development Pattern - Annual Projections						
Accident years	1	2	3	4	5	6	7
2007	35,609,760	25,046,899	5,112,972	19,772,376	68,892	-	
2008	12,971,655	16,889,511	4,437,296	1,254,696	-	-	
2009	46,871,710	34,727,182	258,899	1,929,166	1,031	-	
2010	28,528,489	14,865,880	1,218,913	117,544	-	-	
2011	53,979,153	87,118,188	157,314	-	-	-	
2012	130,468,482	12,788,660	-	-	-	-	
2013	23,330,463						

	Marine - Cummulative Development Pattern - Annual Projections						
Accident years	1	2	3	4	5	6	
2007	35,609,760	60,656,658	65,769,631	85,542,007	85,610,899	85,610,899	85,610,899
2008	12,971,655	29,861,166	34,298,462	35,553,157	35,553,157	35,553,157	35,553,157
2009	46,871,710	81,598,891	81,857,790	83,786,956	83,787,987	83,787,987	83,787,987
2010	28,528,489	43,394,369	44,613,282	44,730,825	44,746,091	44,746,091	44,746,091
2011	53,979,153	141,097,340	141,254,654	155,641,920	155,695,038	155,695,038	155,695,038
2012	130,468,482	143,257,142	164,544,801	181,304,247	181,366,123	181,366,123	181,366,123
2013	23,330,463	60,984,031	70,046,108	77,180,542	77,206,882	77,206,882	77,206,882

	Motor - Incremental Development Pattern - Annual Projections						
Accident years	1	2	3	4	5	6	7
2007	89,855,429	43,409,004	1,196,081	1,336,986	611,450	999,875	24,513
2008	132,109,897	66,460,540	15,358,148	2,374,509	418,050	1,413,550	-
2009	197,815,430	152,054,269	9,944,525	20,694,589	4,500,000	-	-
2010	219,462,225	99,867,879	22,760,778	8,255,033	-	-	-
2011	151,586,580	126,432,934	10,377,153	-	-	-	-
2012	190,197,940	56,082,408	-	-	-	-	-
2013	185,039,108	-	-	-	-	-	-

	Motor - Cummulative Development Pattern - Annual Projections						
Accident years	1	2	3	4	5	6	7
2007	89,855,429	133,264,434	134,460,514	135,797,501	136,408,951	137,408,826	137,433,339
2008	132,109,897	198,570,437	213,928,585	216,303,095	216,721,145	218,309,706	218,173,609
2009	197,815,430	349,869,699	359,814,224	380,508,813	385,008,813	387,640,109	387,709,262
2010	219,462,225	319,330,103	342,090,882	361,766,118	352,990,213	355,402,682	355,466,084
2011	151,586,580	278,019,514	288,396,667	297,364,971	299,609,386	301,657,030	301,710,844
2012	190,197,940	246,280,348	257,763,320	265,779,015	267,785,030	269,615,174	269,663,272
2013	185,039,108	339,373,597	355,197,099	366,242,703	369,006,985	371,528,919	371,595,198

	Engineering - Incremental Development Pattern - Annual Projections						
Accident years	1	2	3	4	5	6	7
2007	2,736,207	9,348,105	-	-	-	-	-
2008	44,087,732	10,033,691	4,226,214	1,469,081	1,484,448	-	-
2009	5,013,258	36,948,401	1,446,884	7,744,395	-	-	-
2010	63,232,935	26,169,106	20,155,084	3,220,942	-	-	-
2011	8,722,233	37,312,559	7,355,988	-	-	-	-
2012	54,308,316	179,139,931	-	-	-	-	-
2013	30,599,921	-	-	-	-	-	-

	Engineering - Cummulative Development Pattern - Annual Projections						
Accident years	1	2	3	4	5	6	7
2007	2,736,207	12,084,312	12,084,312	12,084,312	12,084,312	12,084,312	12,084,312
2008	44,087,732	54,121,423	58,347,637	59,816,718	61,301,167	61,301,167	61,301,167
2009	5,013,258	41,961,659	43,408,543	51,152,938	51,152,938	51,152,938	51,152,938
2010	63,232,935	89,402,041	109,557,125	112,778,067	114,177,452	114,177,452	114,177,452
2011	8,722,233	46,034,792	53,390,780	57,537,195	58,251,134	58,251,134	58,251,134
2012	54,308,316	233,448,246	262,501,107	282,887,372	286,397,525	286,397,525	286,397,525
2013	30,599,921	127,522,420	143,392,709	154,528,821	156,446,262	156,446,262	156,446,262

	Bond - Incremental Development Pattern - Annual Projections						
Accident years	1	2	3	4	5	6	7
2007	26,948,548	-	-	-	-	-	-
2008	-	-	-	-	-	-	-
2009	-	11,547	-	-	-	-	-
2010	261,499	1,327,376	-	-	-	-	-
2011	1,898,398	10,550,576	-	-	-	-	-
2012	-	50,000,000	-	-	-	-	-
2013	-	-	-	-	-	-	-

	Miscellaneous - Incremental Development Pattern - Annual Projections						
Accident years	1	2	3	4	5	6	7
2007	27,748,678	17,366,567	-	-	-	-	1,167,938
2008	42,900,698	-	-	-	-	5,840,850	-
2009	-	-	-	-	6,165,729	-	-
2010	-	-	-	15,411,575	-	-	-
2011	-	-	12,446,850	-	-	-	-
2012	-	30,311,247	-	-	-	-	-
2013	35,147,588	-	-	-	-	-	-

	Oil and Gas - Incremental Development Pattern - Annual Projections						
Accident years	1	2	3	4	5	6	7
2007	-	-	-	443,804	-	-	-
2008	-	38,905	820,763	-	-	338,785	-
2009	-	70,125,000	15,616,590	-	2,551,134	-	-
2010	618,750	2,975,099	92,586,564	-	-	-	-
2011	-	2,684,786	205,125,109	-	-	-	-
2012	13,795	31,266,636	-	-	-	-	-
2013	-	-	-	-	-	-	-

Claims Paid Triangulations as at December 2012

	Fire - Incremental Development Pattern - Annual Projections					
Accident years	1	2	3	4	5	6
2007	62,797,066	46,473,130	1,318,610	74,000	93,618	-
2008	37,938,599	58,700,702	733,355	32,636	-	-
2009	42,966,114	49,138,368	29,072,241	4,361,011	-	-
2010	41,634,181	47,615,097	13,063	-	-	-
2011	57,103,477	95,772,437	-	-	-	-
2012	89,254,964	-	-	-	-	-

	Fire - Cummulative Development Pattern - Annual Projections					
Accident years	1	2	3	4	5	6
2007	62,797,066	109,270,196	110,588,806	110,662,806	110,756,424	110,756,424
2008	37,938,599	96,639,302	97,372,657	97,405,293	97,405,293	97,405,293
2009	42,966,114	92,104,482	121,176,724	125,537,735	125,537,735	125,537,735
2010	41,634,181	89,249,279	89,262,341	89,305,852	89,305,852	89,305,852
2011	57,103,477	152,875,914	165,191,853	165,272,375	165,272,375	165,272,375
2012	89,254,964	197,648,225	213,571,096	213,675,200	213,675,200	213,675,200

	General Accident - Incremental Development Pattern - Annual Projections					
Accident years	1	2	3	4	5	6
2007	32,662,080	24,180,786	17,590,148	12,998,047	5,552,319	1,363,945
2008	19,581,868	78,351,904	37,566,203	5,562,661	3,538,589	-
2009	70,006,075	91,933,290	27,579,342	6,008,157	-	-
2010	81,454,384	134,319,165	16,493,617	-	-	-
2011	62,862,534	103,661,002	-	-	-	-
2012	89,961,135	-	-	-	-	-
	General Accident - Cummulative Development Pattern - Annual Projections					
Accident years	1	2	3	4	5	6
2007	32,662,080	56,842,865	74,433,014	87,431,061	92,983,380	94,347,324
2008	19,581,868	97,933,772	135,499,975	141,062,636	144,601,225	144,601,225
2009	70,006,075	161,939,365	189,518,707	195,526,864	195,526,864	195,526,864
2010	81,454,384	215,773,549	232,267,166	239,630,542	239,630,542	239,630,542
2011	62,862,534	166,523,536	197,555,160	203,818,090	203,818,090	203,818,090
2012	89,961,135	210,319,520	249,512,516	257,422,607	257,422,607	257,422,607

	Marine - Incremental Development Pattern - Annual Projections					
Accident years	1	2	3	4	5	6
2007	35,609,760	25,046,899	5,112,972	19,772,376	68,892	-
2008	12,971,655	16,889,511	4,437,296	1,254,696	-	-
2009	46,871,710	34,727,182	258,899	1,929,166	-	-
2010	28,528,489	14,865,880	1,218,913	-	-	-
2011	53,979,153	87,118,188	-	-	-	-
2012	130,468,482	-	-	-	-	-
	Marine - Cummulative Development Pattern - Annual Projections					
Accident years	1	2	3	4	5	6
2007	35,609,760	60,656,658	65,769,631	85,542,007	85,610,899	85,610,899
2008	12,971,655	29,861,166	34,298,462	35,553,157	35,553,157	35,553,157
2009	46,871,710	81,598,891	81,857,790	83,786,956	83,786,956	83,786,956
2010	28,528,489	43,394,369	44,613,282	45,955,003	45,955,003	45,955,003
2011	53,979,153	141,097,340	148,317,538	152,778,112	152,778,112	152,778,112
2012	130,468,482	261,440,547	274,818,917	283,083,955	283,083,955	283,083,955

	Motor - Incremental Development Pattern - Annual Projections					
Accident years	1	2	3	4	5	6
2007	89,855,429	43,409,004	1,196,081	1,336,986	611,450	999,875
2008	132,109,897	66,460,540	15,358,148	2,374,509	418,050	-
2009	197,815,430	152,054,269	9,944,525	20,694,589	-	-
2010	219,462,225	99,867,879	22,760,778	-	-	-
2011	151,586,580	126,432,934	-	-	-	-
2012	190,197,940	-	-	-	-	-

	Motor - Cummulative Development Pattern - Annual Projections					
Accident years	1	2	3	4	5	6
2007	89,855,429	133,264,434	134,460,514	135,797,501	136,408,951	137,408,826
2008	132,109,897	198,570,437	213,928,585	216,303,095	216,721,145	218,309,706
2009	197,815,430	349,869,699	359,814,224	380,508,813	385,008,813	387,640,109
2010	219,462,225	319,330,103	342,090,882	361,766,118	352,990,213	355,402,682
2011	151,586,580	278,019,514	288,396,667	297,364,971	299,609,386	301,657,030
2012	190,197,940	246,280,348	257,763,320	265,779,015	267,785,030	269,615,174

	Engineering - Incremental Development Pattern - Annual Projections					
Accident years	1	2	3	4	5	6
2007	2,736,207	9,348,105	-	-	-	-
2008	44,087,732	10,033,691	4,226,214	1,469,081	1,484,448	-
2009	5,013,258	36,948,401	1,446,884	7,744,395	-	-
2010	63,232,935	26,169,106	20,155,084	-	-	-
2011	8,722,233	37,312,559	-	-	-	-
2012	54,308,316	-	-	-	-	-
	Engineering - Cummulative Development Pattern - Annual Projections					
Accident years	1	2	3	4	5	6
2007	2,736,207	12,084,312	12,084,312	12,084,312	12,084,312	12,084,312
2008	44,087,732	54,121,423	58,347,637	59,816,718	61,301,167	61,301,167
2009	5,013,258	41,961,659	43,408,543	51,152,938	51,152,938	51,152,938
2010	63,232,935	89,402,041	109,557,125	112,778,067	114,177,452	114,177,452
2011	8,722,233	46,034,792	53,390,780	57,537,195	58,251,134	58,251,134
2012	54,308,316	233,448,246	262,501,107	282,887,372	286,397,525	286,397,525

	Bond - Incremental Development Pattern - Annual Projections					
Accident years	1	2	3	4	5	6
2007	26,948,548	-	-	-	-	-
2008	-	-	-	-	-	-
2009	-	11,547	-	-	-	-
2010	261,499	1,327,376	-	-	-	-
2011	1,898,398	10,550,576	-	-	-	-
2012	-	-	-	-	-	-

	Miscellaneous - Incremental Development Pattern - Annual Projections					
Accident years	1	2	3	4	5	6
2007	27,748,678	17,366,567	-	-	-	-
2008	42,900,698	-	-	-	-	5,840,850
2009	-	-	-	-	6,165,729	-
2010	-	-	-	15,411,575	-	-
2011	-	-	12,446,850	-	-	-
2012	-	-	-	-	-	-

	Oil and Gas - Incremental Development Pattern - Annual Projections					
Accident years	1	2	3	4	5	6
2007	-	-	-	443,804	-	-
2008	-	38,905	820,763	-	-	338,785
2009	-	70,125,000	15,616,590	-	2,551,134	-
2010	618,750	2,975,099	92,586,564	-	-	-
2011	-	2,684,786	205,125,109	-	-	-
2012	13,795	-	-	-	-	-

(C) Financial risk

(a) Introduction and overview

The Company has a robust and functional Enterprise-wide Risk Management (ERM) Framework that is responsible for identifying and managing the inherent and residual risks facing the Group.

The risk of a possible future change in one or more of a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, provided in the case of a non–financial variable constitutes financial risk. The Company is exposed to a range of financial risks through its financial assets, financial liabilities, reinsurance assets and insurance liabilities.

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

Credit risks

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. The credit risk in respect of customer balances incurred on non–payment of premiums or contributions will only persist during the grace period specified in the policy document or trust deed until expiry, when the policy is either paid up or terminated.

Exposure to this risk results from financial transactions with a counter party including issuer, debtor ,investee, borrower, broker, policy holder, reinsurer or guarantor.

The Company is exposed to credit risk in terms of premium payment and investments in counterparties, considerable risks exist that brokers and large corporates who are allowed extended payment period may default and this is closely allied to cash flow risks. The three sources of credit risk identified are:

- *Direct Default Risk:* risk that the company will not receive the cash flows or assets to which it is entitled because a party with which the firm has a bilateral contract defaults on one or more obligations.
- *Downgrade Risk:* risk that changes in the possibility of a future default by an obligor will adversely affect the present value of the contract with the obligor today.
- *Settlement Risk:* risk arising from the lag between the value and settlement dates of securities transactions.

Unitrust Insurance is exposed to risk relating to its debt holdings in its investment portfolio, outstanding premiums from customers and the reliance on reinsurers to make payment when certain loss conditions are met.

Investment portfolio

The Company's investment policy puts limits on the fixed income and money market instruments including portfolio composition limits, issuer type limits, aggregate issuer limits and corporate sector limits. The Group's investment portfolio is exposed to credit risk through its Fixed Income and Money Market instruments. Fixed Income & Money Market instruments contributes about 90% (2012: 89%) to the Company's investment.

The Company's exposure to credit risk is low as Government sector (Government Treasury bills) accounted for largest part, 81% (2012: 50%) of the investment as at December 31, 2013.

The Company further manages its exposure to credit risk through counterparty risk using established limits as approved by the Board. These limits are determined based on credit ratings of the counterparty amongst other factors. All fixed income investments are measured for performance on a quarterly basis and monitored by management on a monthly basis.

Outstanding premium

The Company categorizes its exposure to this risk based on business types (direct and brokered business).
As a result of the growing challenges arising from huge levels of outstanding premium reported in the financial statements of insurance Companies, a revised guideline dated 1 January 2013 was issued by NAICOM on Insurance premium collection and remittance in which it was specified that there shall be no outstanding premium in the books of any insurer related to direct business as covers granted on credit are not recognised by the law. Outstanding premium from Brokers can be recorded in the books and if uncollected 30 days after initial recognition, is to be fully written off.

The Company focuses on effective management of its exposure to credit risk especially premium related debts. Credit risk arises from insurance cover granted to parties with payment instruments or payments plan issued by stating or implying the terms of contractual agreement.

The following policies and procedures are in place to mitigate the Company's exposure to credit risk:

- The Company's enterprise risk management policy sets out the assessment and determination of what constitutes credit risk for the Company. Compliance with the policy is monitored, exposures and breaches are reported to the Company's risk committee. The policy is regularly reviewed for pertinence and for changes in the risk environment.

- Net exposure limits are set for each counterparty or group of counterparties and industry segment (i.e. limits are set for investments and cash deposits, foreign exchange trade exposures and minimum credit ratings for investments that may be held).

- The Company further restricts its credit risk exposure by entering into master netting arrangements with counterparties with which it enters into significant volumes of transactions. However, such arrangements do not generally result in an offset of balance sheet assets and liabilities, as transactions are usually settled on a gross basis. However, the credit risk associated with such balances is reduced in the event of a default, when such balances are settled on a net basis. The Company's reinsurance treaty contracts involve netting arrangements.

- Reinsurance is placed with counterparties that have a good credit rating and concentration of risk is avoided by following policy guidelines in respect of counterparties' limits that are set each year by the management and are subject to regular reviews. At each reporting date, management performs an assessment of creditworthiness of reinsurers and updates the reinsurance purchase strategy, ascertaining suitable allowance for impairment.

- The Company sets the maximum amounts and limits that may be advanced to corporate counterparties by reference to their long–term credit ratings and worthiness.

- The credit risk in respect of customer balances incurred on non–payment of premiums or contributions will only persist during the grace period specified in the policy document or trust deed until expiry, when the policy is either paid up or terminated. Commission paid to intermediaries is netted off against amounts receivable from them to reduce the risk of doubtful debts.

Reinsurance

The Company's credit risk originates from reinsurance recoverable transactions, retail clients, corporate clients, brokers and agents. Reinsurance is placed with only reinsurers with good credit rating. Management monitors the creditworthiness of all reinsurers by reviewing their annual financial statements and through ongoing communications. Reinsurance treaties are reviewed annually by management prior to renewal of the reinsurance contract.

The table below shows the maximum exposure to credit risk for the Group's financial assets. The maximum exposure is shown gross, before the effect of mitigation.

	Group	**Group**	**Company**	**Company**
	31-Dec-13	**31-Dec-12**	**31-Dec-13**	**31-Dec-12**
Financial Instruments	**N'000**	**N'000**	**N'000**	**N'000**
Financial assets:				
Cash and cash equivalents	1,615,429	3,041,133	1,602,854	3,038,255
Available-for-sale securities	423,376	302,897	423,376	302,897
Held-to-maturity securities	6,103,945	3,102,540	6,103,945	3,102,540
Loans and receivables	18,314	95,283	17,642	93,947
Pledged assets	223,465	255,327	223,465	255,327
Trade receivable	18,073	676,606	18,073	676,606
Reinsurance assets	996,852	1,144,398	996,852	1,144,398
Other receivables	376,717	313,780	379,878	316,074
Investments in finance lease	62,432	141,653	62,432	141,653
TOTAL CREDIT RISK	**9,838,603**	**9,073,617**	**9,828,517**	**9,071,697**

Age analysis of premium debtors

For premium debtors to be classified as 'past–due and impaired' contractual payments from brokers must be in arrears for more than 30 days.

Group and Company

31-Dec-13

	0-30 days	**31 to 180 days**	**181 days and above**	**Total**
	N'000	**N'000**	**N'000**	**N'000**
Premium debtors	18,073	-	661,721	679,794

31-Dec-12

	0-90 days	91 to 180 days	181 days and above	Total
	N'000	N'000	N'000	N'000
Premium debtors	204,064	327,211	1,365,134	1,896,409

The following table breaks down the Group's main credit exposure at their gross amounts for the reported periods.

	2013	2012
	N'000	N'000
Not past due	18,073	204,064
Past due but not impaired	-	550,339
Impaired	661,721	1,021,178
Gross	679,794	1,775,581
Impairment allowance		
Specific impairment	(661,721)	(1,022,886)
Collective impairment	-	(76,089)
	18,073	676,606

Impairment Model

Premium debtors are receivables which are recognized at a fair value and subsequently measured at amortized cost, less provision for impaired receivables. Premium debt from brokers business are impaired once they are outstanding for more than 30 days while premium from direct business is not recognized in the books if payment is yet to be received.

The impairment of the premium debtors is assessed individually. The premium debt of the Company is assessed for individual or specific impairment once it is outstanding for over 30 days.

Impaired financial assets

There are impaired premium debtors of ₦662 million (31 December 2012: ₦1.2 billion), impaired loans and receivables of ₦346 million (31 December 2012: ₦386 million) and impaired unquoted equity of ₦25 million. No collateral is held as security for any past due or impaired assets. The Company records impairment allowances for loans and receivables in a separate impairment allowance account.

Other receivables

Other receivables balances constitute other debtors, dividend and intercompany receivables. The Company has an internal system of assessing the credit quality of other receivables through established policies and approval systems. The Company constantly monitors its exposure to these receivables via periodic performance review. The Company further manages its exposure to credit risk through deduction of transactions at source and investment in blue-chip companies quoted on Nigerian Stock Exchange. The exposure to credit risk associated with other receivables is considered low.

Liquidity risks

Liquidity risk is the risk of loss due to insufficient liquid assets to meet cash flow requirements or to fulfill its financial obligation once claims crystallize. In respect of catastrophe events there is also a liquidity risk associated with the timing differences between gross cash outflows and expected reinsurance recoveries. The Company mitigates this risk by monitoring cash activities and expected outflows. The Company has no material commitments for capital expenditures. Claims payments are funded by current operating cash flow including investment income. The Company has no tolerance for liquidity risk and is committed to meeting all liabilities as they fall due.

The following policies and procedures are in place to mitigate the Company's exposure to liquidity risk:

- The liquidity risk policy sets out the assessment and determination of what constitutes liquidity risk for the Company. Compliance with the policy is monitored, exposures and breaches are reported to the Company's Board Risk Committee. The policy is regularly reviewed for pertinence and for changes in the risk environment.
- Guidelines are set for asset allocations, portfolio limit structures and maturity profiles of assets, in order to ensure sufficient funding is available to meet insurance and investment contracts obligations.
- Contingency funding plans are in place, which specify minimum proportions of funds to meet emergency calls as well as specifying events that would trigger such plans.

Unitrust maintains a portfolio of highly marketable assets that can be easily liquidated in the event of an unforeseen interruption of cash flow. The Company also has committed lines of credit that it can access to meet liquidity needs to assist users in understanding how assets and liabilities have been matched.

The following table summarizes the maturity profile of the non–derivative financial assets and financial liabilities of the Company based on remaining undiscounted contractual obligations.

For insurance contracts liabilities and reinsurance assets, maturity profiles are determined based on estimated timing of net cash outflows from the recognised insurance liabilities. Unearned premiums and the reinsurers' share of unearned premiums have been excluded from the analysis as they are not contractual obligations.

Repayments which are subject to notice are treated as if notice were to be given immediately.

Reinsurance assets have been presented on the same basis as insurance liabilities. The gross nominal inflow/(outflow) disclosed in the table is the contractual, undiscounted cash flow on the financial assets, financial liabilities or commitments.

Maturity analysis (contractual undiscounted cash flow basis for non–derivatives)

Group (31 December 2013)

	Carrying amount	Gross nominal Inflow/(outflow)	0 - 3 months	3 - 6 months	6 - 12 months	1 - 5 years
Financial Assets:						
Cash and cash equivalents	1,615,429	1,615,429	1,615,429	-	-	-
Available-for-sale securities	423,376	423,376	-	-	-	423,376
Held-to-maturity securities	6,103,945	6,200,944	3,488,728	2,556,205	156,011	-
Loans and receivables	18,314	18,314	1,790	1,925	5,177	9,422
Pledged assets	223,465	224,803	220,096	-	4,707	-
Trade receivable	18,073	18,073	18,073	-	-	-
Reinsurance assets	996,852	996,852	996,852	-	-	-
Other receivables	376,717	376,717	26,707	-	-	350,010
Investments in finance lease	62,432	62,432	5,141	7,936	40,712	8,643
Total assets	**9,838,603**	**9,936,940**	**6,372,816**	**2,566,066**	**206,607**	**791,451**
Financial Liabilities:						
Insurance contract liabilities	3,311,015	3,311,015	2,409,792	279,471	417,221	204,531
Trade payables	577,912	577,912	577,912		-	-
Other payables	520,390	520,390	382,329		75,377	62,684
Total liabilities	**4,409,317**	**4,409,317**	**3,370,033**	**279,471**	**492,598**	**267,215**
Gap (assets - liabilities)	5,429,286	5,527,623	3,002,783	2,286,595	(285,991)	524,236
Cumulative liquidity gap	5,429,286	5,527,623	8,530,406	10,817,001	10,531,010	11,055,246

Group (31 December 2012)

	Carrying amount	Gross nominal Inflow/(outflow)	0 - 3 months	3 - 6 months	6 - 12 months	1 - 5 years
Financial Assets:						
Cash and cash equivalents	3,041,133	3,041,133	3,041,133	-	-	-
Available-for-sale securities	302,897	302,897	-	-	-	302,897
Held-to-maturity securities	3,102,540	3,102,540	3,031,488	71,052	-	-
Loans and receivables	95,283	95,283	84,481	3,690	2,772	4,340
Pledged assets	255,327	255,327	255,327	-	-	-
Trade receivable	676,606	676,606	545,874	130,732	-	-
Reinsurance assets	1,144,398	1,144,398	189,814	66,624	515,722	372,238
Other receivables	313,780	313,780	25,956	16,064	12,258	259,502
Investments in finance lease	141,653	141,653	36,991	34,561	43,544	26,557
Total assets	**9,073,617**	**9,073,617**	**7,211,064**	**322,723**	**574,296**	**965,534**
Financial Liabilities:						
Insurance contract liabilities	3,610,600	3,610,600	611,994	468,211	1,065,040	1,465,355
Trade payables	718,448	718,448	88,757	88,039	97,087	444,565
Other payables	537,034	537,034	171,095	78,435	127,753	159,751
Total liabilities	**4,866,082**	**4,866,082**	**871,846**	**634,685**	**1,289,880**	**2,069,671**
Gap (assets - liabilities)	3,911,726	3,911,726	6,339,218	(311,962)	(715,584)	(1,104,137)
Cumulative liquidity gap	3,911,726	3,911,726	10,250,944	9,938,982	9,223,398	8,119,261

Company (31 December 2013)

	Carrying amount	Gross nominal Inflow/(outflow)	0 - 3 months	3 - 6 months	6 - 12 months	1 - 5 years
Financial Assets:						
Cash and cash equivalents	1,602,854	1,602,854	1,602,854	-	-	-
Available-for-sale securities	423,376	423,376	-	-	-	423,376
Held-to-maturity securities	6,103,945	6,200,944	3,488,728	2,556,205	156,011	-
Loans and receivables	17,642	17,642	1,118	1,925	5,177	9,422
Pledged assets	223,465	224,803	220,096	-	4,707	-
Trade receivable	18,073		18,073	-	-	-
Reinsurance assets	996,852	996,852	996,852	-	-	-
Other receivables	379,878	379,878	29,868	-	-	350,010
Investments in finance lease	62,432	62,432	5,141	7,936	40,712	8,643
Total assets	**9,828,517**	**9,846,349**	**6,357,589**	**2,558,130**	**165,895**	**782,808**
Financial Liabilities:						
Insurance contract liabilities	3,311,015	3,311,015	2,409,792	279,471	417,221	204,531
Trade payables	577,912	577,912	577,912	-	-	-
Other payables	555,886	555,886	417,825	-	75,377	62,684
Total liabilities	**4,444,813**	**4,444,813**	**3,405,529**	**279,471**	**492,598**	**267,215**
Gap (assets - liabilities)	5,383,704	5,401,536	2,952,060	2,278,659	(326,703)	515,593
Cumulative liquidity gap	5,383,704	5,401,536	8,353,596	10,632,255	10,305,552	10,821,145

Company (31 December 2012)

	Carrying amount	Gross nominal Inflow/(outflow)	0 - 3 months	3 - 6 months	6 - 12 months	1 - 5 years
Financial Assets:						
Cash and cash equivalents	3,038,255	3,038,255	3,038,255	-	-	-
Available-for-sale securities	302,897	302,897	-	-	-	302,897
Held-to-maturity securities	3,102,540	3,102,540	3,031,488	71,052	-	-
Loans and receivables	93,947	93,947	84,162	3,423	2,343	4,019
Pledged assets	255,327	255,327	255,327	-	-	-
Trade receivable	676,606	676,606	545,874	130,732	-	-
Reinsurance assets	1,144,398	1,144,398	189,814	66,624	515,722	372,238
Other receivables	316,074	316,074	25,956	16,064	14,552	259,502
Investments in finance lease	141,653	141,653	36,991	34,561	43,544	26,557
Total assets	**9,071,697**	**9,071,697**	**7,207,867**	**322,456**	**576,161**	**965,213**
Financial Liabilities:						
Insurance contract liabilities	3,610,600	3,610,600	611,994	468,211	1,065,040	1,465,355
Trade payables	718,448	718,448	88,757	88,039	97,087	444,565
Other payables	579,277	579,277	171,095	78,435	127,753	201,994
Total liabilities	**4,908,325**	**4,908,325**	**871,846**	**634,685**	**1,289,880**	**2,111,914**
Gap (assets - liabilities)	3,810,943	3,810,943	6,336,021	(312,229)	(713,719)	(1,145,701)
Cumulative liquidity gap	3,810,943	3,810,943	10,146,964	9,834,735	9,121,016	7,975,315

Notes to the Consolidated and Separate Financial Statements

For the year ended 31 December 2013

7 Unitrust's Risk Management Framework

The following table shows amount expected to be recovered or settled after more than twelve months (non-current) for each asset and liability line item that combines amounts expected to be recovered or settled no more than twelve months after the reporting period (current) and more than twelve months after the reporting period (non-current).

Group

	31 December 2013			31 December 2012		
	Current	Non-current	Total	Current	Non-current	Total
In thousands of Naira						
Asset						
Cash and cash equivalents	1,615,429	-	1,615,429	3,041,133	-	3,041,133
Available-for-sale securities	-	423,376	423,376	-	302,897	302,897
Held-to-maturity securities	6,103,945	-	6,103,945	3,102,540	-	3,102,540
Loans and receivables	8,892	9,422	18,314	90,943	4,340	95,283
Pledged assets	223,465	-	223,465	255,327	-	255,327
Trade receivables	18,073	-	18,073	676,606	-	676,606
Reinsurance assets	1,363,505	139,797	1,503,302	1,138,453	494,576	1,633,029
Deferred acquisition cost	115,036	-	115,036	67,655	-	67,655
Other receivables and prepayment	83,289	350,010	433,299	54,278	271,577	325,855
Investments in finance lease	53,789	8,643	62,432	115,096	26,557	141,653
Investment in subsidiary	-	-	-	-	-	-
Investment property	-	305,000	305,000	-	293,000	293,000
Intangible assets	-	654	654	-	-	-
Property, plant and equipment	-	1,262,612	1,262,612	-	1,140,333	1,140,333
Statutory deposits	-	315,000	315,000	-	315,000	315,000
Total assets	9,585,423	2,814,514	12,399,937	8,542,031	2,848,280	11,390,311
Liabilities						
Insurance contract liabilities	3,106,484	204,531	3,311,015	2,145,245	1,465,355	3,610,600
Trade payables	577,912	-	577,912	273,883	444,565	718,448
Provision and other payables	681,917	90,528	772,445	447,097	299,474	746,571
Current income tax liabilities	507,465	-	507,465	131,382	-	131,382
Deferred tax liability	-	360,550	360,550	-	242,965	242,965
Total liabilities	4,873,778	655,609	5,529,387	2,997,607	2,452,359	5,449,966
Gap	4,711,645	2,158,905	6,870,550	5,544,424	395,921	5,940,345

Company

In thousands of Naira	31 December 2013 Current	Non-current	Total	31 December 2012 Current	Non-current	Total
Asset						
Cash and cash equivalents	1,602,854	-	1,602,854	3,038,255	-	3,038,255
Available-for-sale securities	-	423,376	423,376	-	302,897	302,897
Held-to-maturity securities	6,103,945	-	6,103,945	3,102,540	-	3,102,540
Loans and receivables	8,220	9,422	17,642	89,928	4,019	93,947
Pledged assets	223,465	-	223,465	255,327	-	255,327
Trade receivables	18,073	-	18,073	676,606	-	676,606
Reinsurance assets	1,363,505	139,797	1,503,302	1,138,453	494,576	1,633,029
Deferred acquisition cost	115,036	-	115,036	67,655	-	67,655
Other receivables and prepayment	86,450	350,010	436,460	81,590	246,559	328,149
Investments in finance lease	53,789	8,643	62,432	115,096	26,557	141,653
Investment in subsidiary	-	1,000	1,000	-	1,000	1,000
Investment property	-	293,000	305,000	-	293,000	293,000
Intangible assets	-	-	-	-	-	-
Property, plant and equipment	-	1,140,076	1,262,355	-	1,140,076	1,140,076
Statutory deposits	-	315,000	315,000	-	315,000	315,000
Total assets	9,575,337	2,680,324	12,389,940	8,565,450	2,823,684	11,389,134
Liabilities						
Insurance contract liabilities	3,106,484	204,531	3,311,015	2,145,245	1,465,355	3,610,600
Trade payables	577,912	-	577,912	273,883	444,565	718,448
Provision and other payables	717,413	90,528	807,941	447,097	341,717	788,814
Current income tax liabilities	500,620	-	500,620	128,432	-	128,432
Deferred tax liability	-	360,472	360,472	-	242,982	242,982
Total liabilities	4,902,429	655,531	5,557,960	2,994,657	2,494,619	5,489,276
Gap	4,672,908	2,024,793	6,831,980	5,570,793	329,065	5,899,858

- **Market risks**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign exchange rates (foreign currency risk), market interest rates (interest rate risk) and market prices (price risk).

The Company's enterprise risk management policy sets out the assessment and determination of what constitutes market risk . Compliance with the policy is monitored and exposures and breaches are reported to the Board Risk Committee. The policy is reviewed regularly for pertinence and for changes in the risk environment.

Guidelines are set for asset allocation and portfolio limit structure, to ensure that assets back specific policyholder's liabilities and that assets are held to deliver income and gains for policyholders which are in line with expectations of the policyholders.

Foreign currency risk

Foreign Exchange risk is the exposure of the Group's financial condition to adverse movements in exchange rates. The Group is exposed to foreign exchange currency risk primarily through undertaking certain transactions denominated in foreign currency.

The Group's principal transactions are carried out in Naira and its exposure to foreign exchange risk arise primarily with respect to transactions done in other foreign currencies: UK pound sterling, Euro and US dollar.

The Group's financial assets are primarily denominated in the same currencies as its insurance contract liabilities. Thus, the main foreign exchange risk arises from recognised assets and liabilities denominated in currencies other than those in which insurance contract liabilities are expected to be settled.

The Group's foreign exchange risk is considered at a group level since an effective overview of such risk is a critical element of the group's asset/liability risk management. The Board of Directors defines its risk tolerance levels and expectations for foreign exchange risk management and ensures that the risk is maintained at prudent levels. Foreign exchange risk is quantified using the net balance of assets and liabilities in each currency, and their total sum.

The table below summarises the Group's financial instruments categorised by currency:

Group (31 December 2013)

	Total	**Naira**	**US Dollar**	**UK Pound**	**Euro**
Cash and cash equivalents	1,615,429	1,332,847	246,588	21,785	14,209
Available-for-sale securities	423,376	423,376	-	-	-
Held-to-maturity securities	6,103,945	5,734,439	369,506	-	-
Loans and receivables	18,314	18,314	-	-	-
Pledged assets	223,465	218,777	4,688	-	-
Trade receivables	18,073	18,073	-	-	-
Reinsurance assets	996,852	656,158	340,160	494	40
Other receivables	376,717	376,717	-	-	-
Investments in finance lease	62,432	62,432	-	-	-
Total assets	**9,838,603**	**8,841,133**	**960,942**	**22,279**	**14,249**
Insurance contract liabilities	3,311,015	2,278,075	1,031,600	1,256	84
Trade payables	577,912	577,912	-	-	-
Other payables	520,390	518,436	1,954	-	-
Total Liabilities	**4,409,317**	**3,374,423**	**1,033,554**	**1,256**	**84**

Group (31 December 2012)

	Total	Naira	US Dollar	UK Pound	Euro
Cash and cash equivalents	3,041,133	2,698,890	309,193	19,452	13,598
Available-for-sale securities	302,897	302,897	-	-	-
Held-to-maturity securities	3,102,540	2,962,545	139,995	-	-
Loans and receivables	95,283	95,283	-	-	-
Pledged assets	255,326.61	250,657	4,670	-	-
Trade receivables	676,606	620,062	56,544	-	-
Reinsurance assets	1,144,398	582,910	561,488	-	-
Other receivables	313,780	313,778	2	-	-
Investments in finance lease	141,653	141,653	-	-	-
Total assets	**9,073,617**	**7,968,675**	**1,071,892**	**19,452**	**13,598**
Insurance contract liabilities	3,610,600	2,330,187	1,280,413	-	-
Trade payables	718,448	567,532	150,143	675	98
Other payables	537,034	534,221	2,813	-	-
Total Liabilities	**4,866,082**	**3,431,940**	**1,433,369**	**675**	**98**

Company (31 December 2013)

	Total	Naira	US Dollar	UK Pound	Euro
Cash and cash equivalents	1,602,854	1,320,272	246,588	21,785	14,209
Available-for-sale securities	423,376	423,376	-	-	-
Held-to-maturity securities	6,103,945	5,734,439	369,506	-	-
Loans and receivables	17,642	17,642	-	-	-
Pledged assets	223,465	218,777	4,688	-	-
Trade receivables	18,073	18,073	-	-	-
Reinsurance assets	996,852	656,158	340,160	494	40
Other receivables	379,878	379,878	-	-	-
Investments in finance lease	62,432	62,432	-	-	-
Total assets	**9,828,517**	**8,831,047**	**960,942**	**22,279**	**14,249**
Insurance contract liabilities	3,311,015	2,278,074	1,031,600	1,256	84
Trade payables	577,912	577,912	-	-	-
Other payables	555,886	577,323	1,954	-	-
Total Liabilities	**4,444,813**	**3,433,309**	**1,033,554**	**1,256**	**84**

Company (31 December 2012)

	Total	Naira	US Dollar	UK Pound	Euro
Cash and cash equivalents	3,038,255	2,696,012	309,193	19,452	13,598
Available-for-sale securities	302,897	302,897	-	-	-
Held-to-maturity securities	3,102,540	2,962,545	139,995	-	-
Loans and receivables	93,947	93,947	-	-	-
Pledged assets	255,326.61	250,657	4,670	-	-
Trade receivables	676,606	620,062	56,544	-	-
Reinsurance assets	1,144,398	582,910	561,488	-	-
Other receivables	316,074	316,072	2	-	-
Investments in finance lease	141,653	141,653	-	-	-
Total assets	**9,071,697**	**7,966,755**	**1,071,892**	**19,452**	**13,598**
Insurance contract liabilities	3,610,600	2,330,187	1,280,413	-	-
Trade payables	718,448	567,532	150,143	675	98
Other payables	579,277	576,464	2,813	-	-
Total Liabilities	**4,908,325**	**3,474,183**	**1,433,369**	**675**	**98**

The information below shows the impact on the Company's results if the exchange rates between the US Dollar, UK pound, Euro and Nigerian Naira had increased or decreased by 100 basis points, when all other variables are held constant.

	31-Dec-13	31-Dec-12
US Dollar effect of 100 basis points movement on profit before tax	726	3,615
UK pound effect of 100 basis points movement on profit before tax	223	193
Euro effect of 100 basis points movement on profit before tax	142	135

Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates, yield curves and credit spreads.

Exposure to interest risk primarily results from timing differences in the repricing of assets and liabilities as they mature (fixed rate instruments) or contractually repriced (floating rate instruments).

The Company monitors this exposure through periodic reviews of the assets and liability position. Estimates of cash flows, as well as the impact of interest rate fluctuations relating to the investment portfolio and insurance provisions are modeled and reviewed. Interest rate risk is also managed through monitoring of interest rate gaps and sensitivity analysis across all investment portfolios.

The overall objective of these strategies is to limit the net change in value of assets and liabilities arising from interest rate movements.

While it is more difficult to measure the interest sensitivity of insurance liabilities than that of the related assets, to the extent that such sensitivities are measurable, then the interest rate movements will generate asset value changes that substantially offset changes in the value of the liabilities relating to the underlying products. The Company is also exposed to the risk of changes in future cash flows from fixed income securities arising from the changes in interest rates. The Company, however, has no significant concentration of interest rate risk.

A summary of the Group's interest rate gap position on non-trading portfolios is as follows:

Interest rate gap position

Group (31 December 2013)

	1 - 3 months	3 - 6 months	6 -12 months	1 - 5 years	Carrying amount
Cash and cash equivalents	1,595,864	-	-	-	1,595,864
Held-to-maturity securities	3,429,155	2,518,926	155,864	-	6,103,945
Loans and receivables	1,790	1,925	5,177	9,422	18,314
Pledged assets	220,096	-	4,707	-	224,803
Investments in finance lease	5,141	7,936	40,712	8,643	62,432
	5,252,046	**2,528,787**	**206,460**	**18,065**	**8,005,358**
Insurance contract liabilities	2,409,792	279,471	417,221	204,531	3,311,015
	2,409,792	**279,471**	**417,221**	**204,531**	**3,311,015**
Total interest rate gap	**2,842,254**	**2,249,316**	**(210,761)**	**(186,466)**	**4,694,343**

Interest rate gap position

Group (31 December 2012)

	1 - 3 months	3 - 6 months	6 -12 months	1 - 5 years	Carrying amount
Cash and cash equivalents	3,029,513	-	-	-	3,029,513
Held-to-maturity securities	3,031,488	71,052	-	-	3,102,540
Loans and receivables	84,481	3,690	2,772	4,340	95,283
Pledged assets	255,327	-	-	-	255,327
Investments in finance lease	36,991	34,561	43,544	26,557	141,653
	6,437,800	**109,303**	**46,316**	**30,897**	**6,624,316**
Insurance contract liabilities	611,994	468,211	1,065,040	1,465,355	3,610,600
	611,994	**468,211**	**1,065,040**	**1,465,355**	**3,610,600**
Total interest rate gap	**5,825,806**	**(358,908)**	**(1,018,724)**	**(1,434,458)**	**3,013,716**

The table below shows the impact on the Group's profit before tax if interest rate increases or decreases by 100 basis points, with all other variables held constant.

Group:

	31-Dec-13	31-Dec-12
Effect of 100 basis points movement on profit before tax	30,622	38,003

Company (31 December 2013)

	Interest rate gap position				
	1 - 3 months	**3 - 6 months**	**6 -12 months**	**1 - 5 years**	**Carrying amount**
Cash and cash equivalents	1,583,353	-	-	-	1,583,353
Held-to-maturity securities	3,429,155	2,518,926	155,864	-	6,103,945
Loans and receivables	1,118	1,925	5,177	9,422	17,642
Pledged assets	220,096	-	4,707	-	224,803
Investments in finance lease	5,141	7,936	40,712	8,643	62,432
	5,238,863	**2,528,787**	**206,460**	**18,065**	**7,992,175**
Insurance contract liabilities	2,409,792	279,471	417,221	204,531	3,311,015
	2,409,792	**279,471**	**417,221**	**204,531**	**3,311,015**
Total interest rate gap	**2,829,071**	**2,249,316**	**(210,761)**	**(186,466)**	**4,681,160**

Company (31 December 2012)

	Interest rate gap position				
	1 - 3 months	**3 - 6 months**	**6 -12 months**	**1 - 5 years**	**Carrying amount**
Cash and cash equivalents	3,027,118	-	-	-	3,027,118
Held-to-maturity securities	3,031,488	71,052	-	-	3,102,540
Loans and receivables	84,162	3,423	2,343	4,019	93,947
Pledged assets	255,327	-	-	-	255,327
Investments in finance lease	36,991	34,561	43,544	26,557	141,653
	6,435,086	**109,036**	**45,887**	**30,576**	**6,620,585**
Insurance contract liabilities	611,994	468,211	1,065,040	1,465,355	3,610,600
	611,994	**468,211**	**1,065,040**	**1,465,355**	**3,610,600**
Total interest rate gap	**5,823,092**	**(359,175)**	**(1,019,153)**	**(1,434,779)**	**3,009,985**

The table below shows the impact on the Company's profit before tax if interest rate increases or decreases by 100 basis points, with all other variables held constant.

Company:

	31-Dec-13	**31-Dec-12**
Effect of 100 basis points movement on profit before tax	30,521	37,977

Price risk

Equity price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Company's equity price risk exposure relates to financial assets and financial liabilities whose values will fluctuate as a result of changes in market prices, principally investment securities not held for the account of unit–linked business.

The Company's price risk policy requires it to manage such risks by setting and monitoring objectives and constraints on investments, diversification plans, and limits on investments in each sector and market.

The Company has no significant concentration of price risk.

Operational Risks

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Company's operations.

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The Company cannot expect to eliminate all operational risks, but by initiating a rigorous control framework and by monitoring and responding to potential risks, the Company is able to manage the risks. Controls include effective segregation of duties, access controls, authorisation and reconciliation procedures, staff education and assessment processes, including the use of internal audit. Business risks such as changes in environment, technology and the industry are monitored through the strategic planning and budgeting process.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each unit. This responsibility is supported by the development of operational standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions
- requirements for the reconciliation and monitoring of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures
- requirements for the periodic assessment of operational risks and the adequacy of controls and procedures to address the risks
- requirements for the reporting of operational losses and proposed remedial action
- development of contingency plans
- training and professional development
- ethical and business standards
- risk mitigation, including insurance where this is effective.
- Compliance with the Company's standards is supported by a programme of periodic reviews undertaken by internal audit. The results of internal audit reviews are discussed with the management of the business unit to which they relate, with summaries submitted to the audit committee and senior management of the Company.

Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2013

7 Unitrust's Risk Management Framework

Asset - liability management (ALM)
The Group is exposed to a range of financial risks through its financial assets, financial liabilities, reinsurance assets and insurance liabilities. In particular, the key financial risk is that the long- term its investment proceeds are not sufficient to fund the obligations arising from its insurance contracts.

The most important components of this financial risk are interest rate risk, equity price risk, foreign currency risk and credit risk.

These risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements. The risks that the Group primarily faces due to the nature of its investments and liabilities are interest rate risk and equity price risk.

The Group manages these positions within an ALM framework that has been developed to achieve long-term investment returns in excess of its obligations under insurance contracts. Within the ALM framework, the Group periodically produces reports at portfolio, legal entity and asset and liability class level that are circulated to the Group's key management personnel. The principal technique of the Group's ALM is to match assets to the liabilities arising from insurance contracts by reference to the type of benefits payable to contract holders and for each distinct class of liabilities, a separate portfolio of assets is maintained.

The Group's ALM is integrated with the management of the financial risks associated with the Group's other classes of financial assets and liabilities not directly associated with insurance liabilities. In particular, the ALM Framework requires the management of interest rate risk, equity price risk and liquidity risk at the portfolio level. Foreign currency and credit risk are managed on a group-wide basis.

In response to the risk, the Group's assets and liabilities are allocated as follows:

Group

	31-Dec-13			**31-Dec-12**		
	Shareholders' funds	**Policy holders' funds**	**Total**	**Shareholders' funds**	**Policy holders' funds**	**Total**
	Non life	Non life				
In thousands of naira						
ASSETS						
Cash and cash equivalents	1,512,773	102,656	1,615,429	2,880,227	160,906	3,041,133
Financial assets-AFS	55,719	367,657	423,376	-	302,897	302,897
Financial assets-HTM	3,318,993	2,784,952	6,103,945	-	3,102,540	3,102,540
Loans and receivables	18,314	-	18,314	95,283	-	95,283
Pledged Assets	223,465	-	223,465	255,327	-	255,327
Trade receivables	18,073	-	18,073	676,606	-	676,606
Reinsurance assets	1,503,302	-	1,503,302	1,633,029	-	1,633,029
Deferred acquisition cost	115,036	-	115,036	67,655	-	67,655
Other receivables and prepayments	433,299	-	433,299	325,855	-	325,855
Investments in finance lease	62,432	-	62,432	141,653	-	141,653
Investment in subsidiaries	-	-	-	-	-	-
Investment property	305,000	-	305,000	293,000	-	293,000
Deferred tax asset	-	-	-	-	-	-
Intangible assets	654	-	654	-	-	-
Property and equipment	1,262,612	-	1,262,612	1,140,333	-	1,140,333
Statutory deposit	315,000	-	315,000	315,000	-	315,000
TOTAL ASSETS	9,144,672	3,255,265	12,399,937	7,823,968	3,566,343	11,390,311
LIABILITIES						
Insurance contract liabilities	-	3,311,015	3,311,015	-	3,610,600	3,610,600
Trade payables	577,912	-	577,912	718,448	-	718,448
Provisions and other payables	772,445	-	772,445	746,571	-	746,571
Current income tax liabilities	507,465	-	507,465	131,382	-	131,382
Deferred tax liabilities	360,550	-	360,550	242,965	-	242,965
TOTAL LIABILITIES	2,218,372	3,311,015	5,529,387	1,839,366	3,610,600	5,449,966
GAP	6,926,300	(55,750)	6,870,550	5,984,602	(44,257)	5,940,345

Company

	31-Dec-13			31-Dec-12		
	Shareholders' funds	**Policy holders' funds**	**Total**	**Shareholders' funds**	**Policy holders' funds**	**Total**
	Non life	Non life				
In thousands of naira						
ASSETS						
Cash and cash equivalents	1,500,198	102,656	1,602,854	2,877,349	160,906	3,038,255
Financial assets-AFS	55,719	367,657	423,376	-	302,897.00	302,897
Financial assets-HTM	3,318,993	2,784,952	6,103,945	-	3,102,540	3,102,540
Loans and receivables	17,642	-	17,642	93,947	-	93,947
Pledged Assets	223,465	-	223,465	255,327	-	255,327
Trade receivables	18,073	-	18,073	676,606	-	676,606
Reinsurance assets	1,503,302	-	1,503,302	1,633,029	-	1,633,029
Deferred acquisition cost	115,036	-	115,036	67,655	-	67,655
Other receivables and prepayments	436,460	-	436,460	328,149	-	328,149
Investments in finance lease	62,432	-	62,432	141,653	-	141,653
Investment in subsidiaries	1,000	-	1,000	1,000	-	1,000
Investment property	305,000	-	305,000	293,000	-	293,000
Deferred tax asset	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-
Property and equipment	1,262,355	-	1,262,355	1,140,076	-	1,140,076
Statutory deposit	315,000	-	315,000	315,000	-	315,000
TOTAL ASSETS	9,134,675	3,255,265	12,389,940	7,822,791	3,566,343	11,389,134
LIABILITIES						
Insurance contract liabilities	-	3,311,015	3,311,015	-	3,610,600	3,610,600
Trade payables	577,912	-	577,912	718,448		718,448
Provisions and other payables	807,941	-	807,941	788,814		788,814
Current income tax liabilities	500,620	-	500,620	128,432		128,432
Deferred tax liabilities	360,472	-	360,472	242,982		242,982
TOTAL LIABILITIES	2,246,945	3,311,015	5,557,960	1,878,676	3,610,600	5,489,276
GAP	6,887,730	(55,750)	6,831,980	5,944,115	(44,257)	5,899,858

Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2013

8 Financial assets and liabilities

Determination of fair value
The determination of fair value for each class of financial instruments was based on the particular characteristic of the instruments. The determination of fair value for financial assets and financial liabilities for which there is no observable market price requires the use of certain valuation techniques.
For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.The method and assumptions applied are enumerated below:

Cash and cash equivalent

The estimated fair value of fixed interest placement with banks is based on the prevailing money market interest rates and remaining maturity.

Quoted securities (AFS), Held- to-maturity financial assets

The fair value for treasury bills, HTM money market placements and quoted equities is based on market prices or brokers/dealers price quotations. Where this information is not available, fair valuation is estimated using quoted market prices for securities with similar credit, maturity and yield characteristics.

Insurance liabilities

See note on insurance risk for method and assumptions used to determine the fair value of non-life insurance contracts.

Trade receivables and payables, reinsurance receivables and other
The estimated fair value of receivables and payables with no stated maturity which includes no interest payables and receivables is the amount repayable or to receive on demand.

The Company measures fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurement.

Level 1: Quoted market price in an active market for an identical instrument.

Level 2: Valuation techniques based on observable inputs. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: This includes financial instruments, the valuation of which incorporates significant inputs for the asset or liability that is not based on observable market data (unobservable inputs). Unobservable inputs are those not readily available in an active market due to market illiquidity or complexity of the product. These inputs are generally determined based on inputs of a similar nature, historic observations on the level of the input or analytical techniques.

Accounting classification measurement basis and fair value

The table below analyses financial instruments measured at fair value at the end of the year, by the level in the fair value hierarchy into which the fair value measurement is categorised.

Financial assets measured at fair value		**31 December 2013**			
		Level 1	**Level 2**	**Level 3**	**Total balance**
Group	Notes				
In thousands of Naira					
Assets					
Available-for-sale financial assets	25	423,376	-	-	423,376
Total financial assets measured at fair value		**423,376**	**-**	**-**	**423,376**

		31 December 2012			
		Level 1	**Level 2**	**Level 3**	**Total balance**
Group	Notes				
In thousands of Naira					
Assets					
Available-for-sale financial assets	25	302,897	-	-	302,897
Total financial assets measured at fair value		**302,897**	**-**	**-**	**302,897**

		31 December 2013			
		Level 1	Level 2	Level 3	Total balance
Company	Notes				
In thousands of Naira					
Assets					
Available-for-sale financial assets	25	423,376	-	-	423,376
Total financial assets measured at fair value		**423,376**	-	-	**423,376**

		31 December 2012			
		Level 1	Level 2	Level 3	Total balance
Company	Notes				
In thousands of Naira					
Assets					
Available-for-sale financial assets	25	302,897	-	-	302,897
Total financial assets measured at fair value		**302,897**	-	-	**302,897**

The table below analyses financial instruments not measured at fair value at the end of the year. The carrying amount of these financial instruments are approximations of their fair values.

		Group	Group	Company	Company
		31-Dec-2013	31-Dec-2013	31-Dec-2013	31-Dec-2013
		Carrying value	Fair value	Carrying value	Fair value
	Notes				
In thousands of Naira					
Assets					
Cash and cash equivalents	24	1,615,429	1,615,429	1,602,854	1,602,854
Held-to-maturity securities	26	6,103,945	6,103,945	6,103,945	6,103,945
Loans and receivables	27	18,314	18,314	17,642	17,642
Pledged assets	28	223,465	223,465	223,465	223,465
Trade receivables	29	18,073	18,073	18,073	18,073
Reinsurance asset (excluding prepaid reinsurance)	30	996,852	996,852	996,852	996,852
Other receivables excluding prepayments	32	376,717	376,717	379,878	379,878
Investment in finance lease	33	62,432	62,432	62,432	62,432
Total value of financial assets not measured at fair value		**9,415,227**	**9,415,227**	**9,405,141**	**9,405,141**
Insurance liabilities	39	3,311,014	3,311,014	3,311,014	3,311,014
Trade payables	40	577,912	577,912	577,912	577,912
Other payables	41	508,490	508,490	579,277	579,277
Total value of financial liabilities not measured at fair value		**4,397,416**	**4,397,416**	**4,468,203**	**4,468,203**

		Group	Group	Company	Company
		31-Dec-2012	31-Dec-2012	31-Dec-2012	31-Dec-2012
		Carrying value	Fair value	Carrying value	Fair value
	Notes				
In thousands of Naira					
Assets					
Cash and cash equivalents	24	3,041,133	3,041,133	3,038,255	3,038,255
Held-to-maturity securities	26	3,102,540	3,102,540	3,102,540	3,102,540
Pledged assets	27	255,327	255,327	255,327	255,327
Trade receivables	28	676,606	676,606	676,606	676,606
Reinsurance asset (excluding prepaid reinsurance)	29	1,144,398	1,144,398	1,144,398	1,144,398
Loans and receivables	30	95,283	95,283	93,947	93,947
Other receivables excluding prepayments	32	313,780	313,780	316,074	316,074
Investment in finance lease	33	141,653	141,653	141,653	141,653
Total value of financial assets not measured at fair value		**8,770,720**	**8,770,720**	**8,768,800**	**8,768,800**
Insurance liabilities	39	3,610,600	3,610,600	3,610,600	3,610,600
Trade payables	40	718,448	718,448	718,448	718,448
Other payables	41	537,034	537,034	579,277	579,277
Total value of financial liabilities not measured at fair value		**4,866,082**	**4,866,082**	**4,908,325**	**4,908,325**

Notes to the Consolidated and Separate Financial Statements

For the year ended 31 December 2013

9 Segment reporting

Segment information is presented in respect of the Group's business segments which represents the primary segment reporting format and is based on the Group's management and reporting structure.

Based on the evaluation of the Company's operations, management has determined that it has only one reportable segment since the Company does not manage its operations by allocating resources based on a determination of the contribution to net income from product, service or operation. The Company's subsidiary does not qualify as a reportable segment as it does not meet the quantitative threshold required for segment reporting.
The products and services from which the Company derives its revenue are mainly the provision of risk underwriting and related financial services to its customers. Such services include provision of general insurance services to both corporate and individual customers and the products are distributed through various forms of brokers, agencies and direct marketing programmes. Revenue from this segment is derived primarily from insurance premiums, fee income, investment income and net realised gains on financial assets.

Management identifies its reportable operating segment based on the Group's management and reporting structure.

The segment information provided to the strategic steering committee for the reportable segments for the year end is as follows:

	General insurance business	
	31-Dec-2013	31-Dec-2012
	₦'000	₦'000
Revenue from external customers:		
Gross insurance premium revenue	3,023,935	3,170,364
Insurance premium ceded to reinsurers	(1,397,294)	(1,381,763)
Net insurance premium revenue	1,626,641	1,788,601
Fee and commission income	315,525	376,969
Investment and other income	1,256,296	1,108,609
	3,198,462	3,274,179
Reportable segment profit before tax	1,894,502	741,689
Assets and liabilities:		
Total assets	12,399,937	11,390,311
Total liabilities	5,529,386	5,449,966
Net assets	6,870,551	5,940,345

The revenue from external parties reported to the strategic steering committee is measured in a manner consistent with that in the income statement.
The amounts provided to segment information with respect to total assets and total liabilities are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset.

Geographical segment

Nigeria is the Company's primary geographical segment as all the Company's income is derived in Nigeria. Accordingly, no further geographical segments information is reported.

Notes to the Consolidated and Separate Financial Statements

For the year ended 31 December 2013

(All amounts are in thousands of naira)

10 Gross premium written

	Group 31-Dec-2013	Group 31-Dec-2012	Company 31-Dec-2013	Company 31-Dec-2012
Gross insurance premium revenue (see note 11)	3,023,935	3,170,364	3,023,935	3,170,364

11 Gross premium income

The insurance premium income is analyzed as follows:

	Group 31-Dec-2013	Group 31-Dec-2012	Company 31-Dec-2013	Company 31-Dec-2012
Short-term insurance contracts:				
Gross premium (see note 10)	3,023,935	3,170,364	3,023,935	3,170,364
Decrease/(Increase) in unearned premium (see note 39(b)(ii))	56,159	(147,894)	56,159	(147,894)
Premium income arising from insurance contracts issued	3,080,094	3,022,470	3,080,094	3,022,470

31 December 2013

	Group and Company		
	Gross premium written	Unearned premium	Gross premium earned
Fire	650,194	31,257	681,451
General accident	355,780	(1,844)	353,936
Motor	872,775	64,271	937,046
Marine	237,848	34,362	272,210
Bond	18,958	2,927	21,885
Engineering	359,986	(66,771)	293,215
Oil and energy	323,794	(46,737)	277,057
Miscellaneous	204,600	38,694	243,294
	3,023,935	56,159	3,080,094

31 December 2012

	Group and Company		
	Gross premium written	Unearned premium	Gross premium earned
Fire	678,100	82,446	760,546
General accident	421,159	2,524	423,683
Motor	934,721	(25,768)	908,953
Marine	301,890	(66,224)	235,666
Bond	32,957	(6,428)	26,529
Engineering	285,597	(6,547)	279,050
Oil and energy	312,320	(123,517)	188,803
Miscellaneous	203,621	(4,381)	199,240
	3,170,365	(147,895)	3,022,470

Notes to the Consolidated and Separate Financial Statements

For the year ended 31 December 2013

(All amounts are in thousands of naira)

12 Reinsurance expenses

	Group 31-Dec-2013	Group 31-Dec-2012	Company 31-Dec-2013	Company 31-Dec-2012
Reinsurance premium	(1,415,113)	(1,445,469)	(1,415,113)	(1,445,469)
Increase in prepaid reinsurance premium (See note 28(a))	17,819	63,706	17,819	63,706
Premium revenue ceded to reinsurers on insurance contracts issued	(1,397,294)	(1,381,763)	(1,397,294)	(1,381,763)

13 Commission income

	Group 31-Dec-2013	Group 31-Dec-2012	Company 31-Dec-2013	Company 31-Dec-2012
Reinsurance commission	311,354	382,460	311,354	382,460
Deferred commision income	4,171	(5,491)	4,171	(5,491)
	315,525	376,969	315,525	376,969

14 Investment income

	Group 31-Dec-2013	Group 31-Dec-2012	Company 31-Dec-2013	Company 31-Dec-2012
Dividend income on available-for-sale securities	21,925	13,863	21,925	13,863
Interest income on held-to-maturity investment securities	396,309	359,313	396,309	359,313
Interest income on cash and cash equivalents	304,557	282,650	300,699	278,131
Interest income on pledged assets	21,534	23,591	21,534	23,591
Interest income on statutory deposit	36,146	57,975	36,146	57,975
Interest income on loans and receivables	28,556	83,177	28,556	83,177
Interest on lease	35,106	115,157	35,106	115,157
	844,133	935,726	840,275	931,207
Investment income is attributable to:				
Shareholders' funds	425,899	563,172	422,041	558,653
Policyholders' funds	418,234	372,554	418,234	372,554
	844,133	935,726	840,275	931,207

15 Net fair value gains on assets at fair value through profit or loss

	Group 31-Dec-2013	Group 31-Dec-2012	Company 31-Dec-2013	Company 31-Dec-2012
Fair value gains on investment property (see note 35)	12,000	42,524	12,000	42,524
	12,000	42,524	12,000	42,524

Notes to the Consolidated and Separate Financial Statements

For the year ended 31 December 2013

(All amounts are in thousands of naira)

16 Other operating income

	Group 31-Dec-2013	Group 31-Dec-2012	Company 31-Dec-2013	Company 31-Dec-2012
Rental income	83,160	83,160	83,160	83,160
Profit on disposal of property and equipment	1,055	1,400	1,055	1,400
Bad debts recovered	-	5,360	-	5,360
Fee income	37,946	48,993	29,475	40,369
Other income	1,064	307	1,064	307
Sundry income (see note (a) below)	285,284	-	285,284	-
	408,509	139,220	400,038	130,596

(a) Amount represents write-back of credit balances on the reconciliation and re-negotiation of reinsurance payables.

17 Claims expenses

	Group 31-Dec-2013	Group 31-Dec-2012	Company 31-Dec-2013	Company 31-Dec-2012
Claims paid	1,395,388	1,349,062	1,395,388	1,349,062
Outstanding claims (see note 39 a(ii))	(243,426)	421,615	(243,426)	421,615
Total claims and loss adjustment expenses	1,151,962	1,770,677	1,151,962	1,770,677
Recoverable from re-insurers	(583,706)	(1,084,384)	(583,706)	(1,084,384)
Net claims and loss adjustment expenses	568,256	686,293	568,256	686,293

18 Underwriting expenses

Underwriting expenses comprise acquisition and other underwriting expenses. Acquisition expenses are those incurred in originating insurance contracts. They include commissions or brokerage paid to agents or brokers and other indirect expenses. Other underwriting expenses are those incurred in servicing existing policies/contracts. These include processing cost, preparation of statistical and reports, and other incidental costs attributable to maintenance.

	Group 31-Dec-2013	Group 31-Dec-2012	Company 31-Dec-2013	Company 31-Dec-2012
Commissions	447,958	341,399	447,958	341,399
Other acquisition cost	59,897	64,561	59,897	64,561
Deferred acquisition cost (see note 31 (b))	(47,381)	(17,831)	(47,381)	(17,831)
Maintenance expenses	17,242	26,273	17,242	26,273
	477,716	414,402	477,716	414,402

19 Employee benefit expenses

	Group 31-Dec-2013	Group 31-Dec-2012	Company 31-Dec-2013	Company 31-Dec-2012
Non-insurance staff cost	241,564	279,960	241,564	279,960
Insurance staff costs	172,237	192,716	172,237	192,716
	413,801	472,676	413,801	472,676

Notes to the Consolidated and Separate Financial Statements

For the year ended 31 December 2013

(All amounts are in thousands of naira)

(a) Employee costs, including executive directors during the year:

	Group 31-Dec-2013	Group 31-Dec-2012	Company 31-Dec-2013	Company 31-Dec-2012
Short-term benefits	380,224	399,191	380,224	399,191
Pension costs – defined contribution plan	11,449	11,223	11,449	11,223
Other long-term benefits	22,128	62,262	22,128	62,262
	413,801	472,676	413,801	472,676

20 Other operating expenses	Group 31-Dec-2013	Group 31-Dec-2012	Company 31-Dec-2013	Company 31-Dec-2012
Repairs and maintenance	43,615	34,977	43,615	34,977
Administration expenses	43,892	40,668	43,892	40,668
Insurance expenses	8,704	8,357	6,330	8,357
NITDA levy	-	7,436	-	7,436
Auditors' remuneration	16,800	15,300	16,500	15,000
Directors' remuneration	39,440	45,520	39,440	45,520
Professional fees	30,375	48,738	29,770	40,157
Other management expenses	128,191	149,298	120,905	150,858
	311,017	350,294	300,452	342,973

21 Impairment of financial assets	Group 31-Dec-2013	Group 31-Dec-2012	Company 31-Dec-2013	Company 31-Dec-2012
Bad debts written off	24,297	128,512	24,297	128,512
Write-back/Additional impairment on doubtful premium debtors - Specific (see note 27 (b))	(361,165)	258,661	(361,165)	258,661
Write-back of impairment on doubtful premium debtors - Collective (see note 27 (c))	(76,089)	(59,099)	(76,089)	(59,099)
Additional impairment on doubtful loans and receivables - Specific (see note 29 (c))	1,447	51,786	1,447	51,786
Additional/(write-back of) impairment on doubtful loans and receivables - Collective (see note 29(d))	(56,706)	(18,747)	(56,706)	(18,747)
Additional/(write-back of) impairment on other doubtful receivables - Specific (see note 32 (b))	17,690	(842)	17,690	(842)
	(450,526)	379,860	(450,526)	360,271

22 Income tax expense	Group 31-Dec-2013	Group 31-Dec-2012	Company 31-Dec-2013	Company 31-Dec-2012
The tax charge for the year comprises:				
Company income tax	416,474	83,910	413,118	80,772
Tertiary education tax	29,011	9,743	28,781	9,742
NITDA levy	18,927	-	18,927	-
	464,412	93,653	460,826	90,514
Deferred tax (credit)/charge	51,049	(48,542)	50,954	(48,589)
	515,461	45,111	511,780	41,925

Notes to the Consolidated and Separate Financial Statements

For the year ended 31 December 2013

(All amounts are in thousands of naira)

23 Earnings per share - Basic and diluted

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	Group 31-Dec-2013	Group 31-Dec-2012	Company 31-Dec-2013	Company 31-Dec-2012
Profit attributable to the Company's equity holders	1,379,041	696,578	1,380,958	694,255
Weighted average number of ordinary shares in issue	3,300,000	3,300,000	3,300,000	3,300,000
Basic and diluted earnings per share (kobo)	42	21	42	21

24 Cash and cash equivalents

Cash and cash equivalents comprise:	Group 31-Dec-2013	Group 31-Dec-2012	Company 31-Dec-2013	Company 31-Dec-2012
Cash in hand	19,565	11,620	19,501	11,137
Balances held with banks in Nigeria	400,333	629,297	387,822	626,902
Balances held with banks outside Nigeria	2,383	5,081	2,383	5,081
Placements with financial institutions (≤ three months)	1,193,148	2,395,135	1,193,148	2,395,135
	1,615,429	3,041,133	1,602,854	3,038,255

Placements with financial institutions are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group.

Current	1,615,429	3,041,133	1,602,854	3,038,255
Non-Current	-	-	-	-
	1,615,429	3,041,133	1,602,854	3,038,255

25 Available-for-sale securities

Equity securities	Group 31-Dec-2013	Group 31-Dec-2012	Company 31-Dec-2013	Company 31-Dec-2012
At fair value: Quoted equities				
Cost	470,180	470,180	470,180	470,180
Fair value adjustment	(48,879)	(169,358)	(48,879)	(169,358)
	421,301	300,822	421,301	300,822
At cost: Unquoted equities				
Cost	26,792	26,792	26,792	26,792
Impairment allowance	(24,717)	(24,717)	(24,717)	(24,717)
Net available-for-sale securities	423,376	302,897	423,376	302,897

The Company's investment in unquoted equity financial instrument could not be fair valued as there were no observable data for which the entity could be fair valued, hence, the equities were carried at cost less impairment.

Current	-	-	-	-
Non-Current	423,376	302,897	423,376	302,897
	423,376	302,897	423,376	302,897

Notes to the Consolidated and Separate Financial Statements

For the year ended 31 December 2013

(All amounts are in thousands of naira)

26 Held-to-maturity securities

	Group 31-Dec-2013	Group 31-Dec-2012	Company 31-Dec-2013	Company 31-Dec-2012
Quoted debt securities - Treasury Bills	5,596,188	2,891,599	5,596,188	2,891,599
Placements with financial institutions (> three months)	507,757	210,941	507,757	210,941
Total held-to-maturity securities	6,103,945	3,102,540	6,103,945	3,102,540

Financial assets held-to-maturity are presented at amortised cost less impairment on the Group's consolidated statement of financial position.

At the reporting date, there were no held-to-maturity assets that were past due or impaired.

Current	6,103,945	3,102,540	6,103,945	3,102,540
Non-Current	-	-	-	-
	6,103,945	3,102,540	6,103,945	3,102,540

27 Loans and receivables

	Group 31-Dec-2013	Group 31-Dec-2012	Company 31-Dec-2013	Company 31-Dec-2012
(a) Commercial loans				
Gross loans	222,437	459,117	222,437	459,117
Specific impairment of commercial loans (See note (c) below)	(222,437)	(329,583)	(222,437)	(329,583)
Collective impairment of commercial loans (See note (d) below)	-	(56,706)	-	(56,706)
	-	72,828	-	72,828
(b) Staff loans	18,314	22,455	17,642	21,119
Net loans and advances	18,314	95,283	17,642	93,947

(c) Movement in specific allowances for impairment

	Group 31-Dec-2013	Group 31-Dec-2012	Company 31-Dec-2013	Company 31-Dec-2012
Balance, beginning of year	329,583	277,797	329,583	277,797
Impairment loss for the year:				
Charge during the year (see note 21)	1,447	51,786	1,447	51,786
Reclassification	(108,593)	-	(108,593)	-
Balance, end of year	222,437	329,583	222,437	329,583

Notes to the Consolidated and Separate Financial Statements

For the year ended 31 December 2013

(All amounts are in thousands of naira)

(d) Movement in collective allowances for impairment

	Group 31-Dec-2013	Group 31-Dec-2012	Company 31-Dec-2013	Company 31-Dec-2012
Balance, beginning of year	56,706	75,453	56,706	75,453
Impairment loss for the year:				
Reversal during the year (see note 21)	(56,706)	(18,747)	(56,706)	(18,747)
Balance, end of year	-	56,706	-	56,706
Current	8,892	90,943	8,220	89,928
Non-Current	9,422	4,340	9,422	4,019
	18,314	95,283	17,642	93,947

28 Pledged assets

Pledged assets represent assets transferred as advance payment guarantee to providers of short-term borrowings (Zenith Bank, Standard Chartered Bank and Guaranty Trust Bank) for the Company's clients. The debt providers maintain possession of the pledged assets but do not have ownership unless there is a default. Pledged assets are measured at amortised cost as at year end.

The nature and carrying amount of the pledged asset are as follows:

	Group 31-Dec-2013	Group 31-Dec-2012	Company 31-Dec-2013	Company 31-Dec-2012
Placements with financial institutions	223,465	255,327	223,465	255,327
	223,465	255,327	223,465	255,327
The financial institutions are:				
Guaranty Trust Bank Plc	-	36,359	-	36,359
Zenith Bank Plc	14,453	-	14,453	-
Standard Chartered Bank Plc	209,012	218,968	209,012	218,968
	223,465	255,327	223,465	255,327
Current	223,465	255,327	223,465	255,327
Non-Current	-	-	-	-
	223,465	255,327	223,465	255,327

29 Trade receivables

	Group 31-Dec-2013	Group 31-Dec-2012	Company 31-Dec-2013	Company 31-Dec-2012
Insurance receivables:				
Due from policy holders (see note (a))	213,845	909,903	213,845	909,903
Due from brokers	313,171	501,965	313,171	501,965
Due from agents	152,778	363,713	152,778	363,713
	679,794	1,775,581	679,794	1,775,581
Less: Impairment of receivables from contract holders/brokers				
Specific (see note (b))	(661,721)	(1,022,886)	(661,721)	(1,022,886)
Collective (see note (c))	-	(76,089)	-	(76,089)
	(661,721)	(1,098,975)	(661,721)	(1,098,975)
	18,073	676,606	18,073	676,606

Notes to the Consolidated and Separate Financial Statements

For the year ended 31 December 2013

(All amounts are in thousands of naira)

(a) This represents premium receivable from policy holders prior to 1 January 2013, which have been fully impaired.

(b) Movement in specific allowances for impairment

	Group 31-Dec-2013	Group 31-Dec-2012	Company 31-Dec-2013	Company 31-Dec-2012
Balance, beginning of year	1,022,886	764,225	1,022,886	764,225
(Write-back)/allowance during the year (see note 21)	(361,165)	258,661	(361,165)	258,661
Balance, end of year	661,721	1,022,886	661,721	1,022,886

(c) Movement in collective allowances for impairment

	Group 31-Dec-2013	Group 31-Dec-2012	Company 31-Dec-2013	Company 31-Dec-2012
Balance, beginning of year	76,089	135,188	76,089	135,188
Write-back during the year (see note 21)	(76,089)	(59,099)	(76,089)	(59,099)
Balance, end of year	-	76,089	-	76,089
Current	18,073	676,606	18,073	676,606
Non-Current	-	-	-	-
	18,073	676,606	18,073	676,606

30 Reinsurance assets

	Group 31-Dec-2013	Group 31-Dec-2012	Company 31-Dec-2013	Company 31-Dec-2012
Due from reinsurers	996,852	1,144,398	996,852	1,144,398
Prepaid reinsurance (see note (a) below)	506,450	488,631	506,450	488,631
	1,503,302	1,633,029	1,503,302	1,633,029

(a) The movement in prepaid reinsurance is as follows:

	Group	Group	Company	Company
Balance, beginning of year	488,631	424,925	488,631	424,925
Increase in prepaid reinsurance (see note 12)	17,819	63,706	17,819	63,706
Balance, end of year	506,450	488,631	506,450	488,631

(i) Amounts due from reinsurers are to be settled on demand and the carrying amount is not significantly different from the fair value.

(ii) Reinsurance assets (due from reinsurers) are not impaired as balances are set off against payables from retrocession at the end of every quarter.

Current	1,363,505	1,138,453	1,363,505	1,138,453
Non-Current	139,797	494,576	139,797	494,576
	1,503,302	1,633,029	1,503,302	1,633,029

Notes to the Consolidated and Separate Financial Statements

For the year ended 31 December 2013

(All amounts are in thousands of naira)

31 Deferred acquisition cost

This represents commission on unearned premium relating to the unexpired tenure of risk.

	Group 31-Dec-2013	Group 31-Dec-2012	Company 31-Dec-2013	Company 31-Dec-2012
Deferred acquisition cost	115,036	67,655	115,036	67,655

(a) Deferred acquisition cost by class of business

	Group 31-Dec-2013	Group 31-Dec-2012	Company 31-Dec-2013	Company 31-Dec-2012
Deferred acquisition cost - Fire	21,739	22,482	21,739	22,482
Deferred acquisition cost - General Accident	11,691	11,590	11,691	11,590
Deferred acquisition cost - Motor	14,772	9,713	14,772	9,713
Deferred acquisition cost - Marine	2,762	2,625	2,762	2,625
Deferred acquisition cost - Bond	98	21	98	21
Deferred acquisition cost - Engineering	31,746	9,284	31,746	9,284
Deferred acquisition cost - Miscellaneous	2,777	3,755	2,777	3,755
Deferred acquisition cost - Special risks	29,451	8,185	29,451	8,185
	115,036	67,655	115,036	67,655

(b) Movement in deferred acquisition cost

	Group 31-Dec-2013	Group 31-Dec-2012	Company 31-Dec-2013	Company 31-Dec-2012
Balance, beginning of year	67,655	49,824	67,655	49,824
Increase in deferred acquisition cost (see note 18)	47,381	17,831	47,381	17,831
Balance, end of year	115,036	67,655	115,036	67,655
Current	115,036	67,655	115,036	67,655
Non-Current	-	-	-	-
	115,036	67,655	115,036	67,655

32 Other receivables and prepayments

	Group 31-Dec-2013	Group 31-Dec-2012	Company 31-Dec-2013	Company 31-Dec-2012
Prepayments	56,582	12,075	56,582	12,075
Other debtors	147,172	166,707	145,333	164,871
Dividend receivable	3,215	3,053	3,215	3,053
Receivable from subsidiary	-	-	5,000	4,130
Deposit for purchase of property (see note (a) below)	350,010	250,010	350,010	250,010
	556,979	431,845	560,140	434,139
Less: Allowances for impairment (see note (b) below)	(123,680)	(105,990)	(123,680)	(105,990)
	433,299	325,855	436,460	328,149

(a) This represents deposit for purchase of land in the Eko Atlantic City Development Scheme, a real estate development project initiated by the Lagos State Government. .

In 2008, the Company entered into an arrangement with South Energyx Nigeria Limited to purchase land in the Eko Atlantic City Development Scheme for a total cost of N685,798,800. As at 31 December 2013, the Company had made a total deposit of N350,000,000 and is committed to pay the balance of the capital contribution of N335,798,800 based on the stage of completion of the land reclamation project.

Notes to the Consolidated and Separate Financial Statements

For the year ended 31 December 2013

(All amounts are in thousands of naira)

(b) Movement in allowances for impairment

	Group 31-Dec-2013	Group 31-Dec-2012	Company 31-Dec-2013	Company 31-Dec-2012
Balance, beginning of year	105,990	144,503	105,990	144,503
Charge/(reversal) during the year (see note 21)	17,690	(842)	17,690	(842)
Write-off of bad debts	-	(37,671)	-	(37,671)
Balance, end of year	123,680	105,990	123,680	105,990
Current	83,289	54,278	86,450	81,590
Non-Current	350,010	271,577	350,010	246,559
	433,299	325,855	436,460	328,149

33 Investment in finance lease

	Group 31-Dec-2013	Group 31-Dec-2012	Company 31-Dec-2013	Company 31-Dec-2012
Gross investment in finance lease receivables	64,192	154,603	64,192	154,603
Unearned finance income	(1,760)	(12,950)	(1,760)	(12,950)
Net investment in finance lease receivables	62,432	141,653	62,432	141,653
Net investment in finance lease receivables:				
Less than one year	53,789	54,093	53,789	54,093
Between one and five years	8,643	87,560	8,643	87,560
Net investment	62,432	141,653	62,432	141,653

34 Investment in subsidiary

(a) This represents the Company's investment in Unitrust Global Assets Management Limited. The company was incorporated in January 2001 and its principal activity involves the provision of property management services to both individual and corporate clients. In the opinion of the directors, the value of the investment is in excess of its cost and therefore, no allowance for impairment has been recognised in the Company's books.

(b) The details of the consolidated subsidiary are shown below:

Company name	*Country of incorporation*	*Nature of Business*	*Percentage of equity capital held* 2013	2012
Unitrust Global Assets Management Limited	Nigeria	Property management	100%	100%

The year-end consolidated is 31 December 2013.

Notes to the Consolidated and Separate Financial Statements

For the year ended 31 December 2013

(All amounts are in thousands of naira)

(c) Condensed results of consolidated entities

(i) The condensed financial data of the consolidated entities as at 31 December 2013 are as follows:

Name of entity	*Total assets*	*Total liabilities*	*Net assets*	*Profit before tax*
Unitrust Insurance Company Limited	12,389,940	5,557,960	6,831,980	1,892,738
Unitrust Global Assets Management Limited	63,393	23,823	39,570	11,505
Elimination	(53,396)	(52,396)	(1,000)	(9,741)
Consolidated amount	12,399,937	5,529,387	6,870,550	1,894,502

(ii) The condensed financial data of the consolidated entities as at 31 December 2012 are as follows:

Name of entity	*Total assets*	*Total liabilities*	*Net assets*	*Profit before tax*
Unitrust Insurance Company Limited	11,389,134	5,489,276	5,899,858	736,180
Unitrust Global Assets Management Limited	47,512	10,740	36,772	5,943
Eliminations	(46,335)	(50,050)	3,715	(434)
Consolidated amount	11,390,311	5,449,966	5,940,345	741,689

The Group does not have significant restrictions on its ability to access or use its assets and settle its liabilities.

35 Investment property

	Group 31-Dec-2013	**Group 31-Dec-2012**	**Company 31-Dec-2013**	**Company 31-Dec-2012**
Balance, beginning of year	293,000	250,476	293,000	250,476
Fair value gains on investment property (see note 15)	12,000	42,524	12,000	42,524
Balance, end of year	305,000	293,000	305,000	293,000
Cost of investment property	250,476	250,476	250,476	250,476
Cummulative fair value gain	54,524	42,524	54,524	42,524
Fair value of investment property at year end	305,000	293,000	305,000	293,000

This represents the Company's investment in landed property for the purpose of capital appreciation. The investment property was independently valued by Paul Osaji & Co. Estate surveyor (FRC/2013/00000000001098) as at 31 December 2013 to ascertain the open market value of the investment property. The open market value of the property was ₦305,000,000 (2012: ₦293,000,000). The valuer is a qualified member of the Nigerian Institution of Estate Surveyors and Valuers.

Current	-	-	-	-
Non-Current	305,000	293,000	305,000	293,000
	305,000	293,000	305,000	293,000

Notes to the Consolidated and Separate Financial Statements

For the year ended 31 December 2013

(All amounts are in thousands of naira)

36 Intangible assets

	Group 31-Dec-2013	Group 31-Dec-2012	Company 31-Dec-2013	Company 31-Dec-2012
Cost:				
Balance, beginning of year	21,873	21,873	21,873	21,873
Additions	654	-	-	-
Balance, end of year	22,527	21,873	21,873	21,873
Accumulated amortization:				
Balance, beginning of the year	21,873	19,509	21,873	19,509
Amortization charge for the year	-	2,364	-	2,364
Balance, end of the year	21,873	21,873	21,873	21,873
Net book value	654	-	-	-

The Group's intangible asset represents purchased computer software. The computer softwares are accounted for using the cost model in line with IAS 38 i.e. cost less accumulated amortization and accumulated impairment. The amortization is charged to the income statement in line with the Group's policy.

Notes to the Consolidated and Separate Financial Statements

For the year ended 31 December 2013

(All amounts are in thousands of naira)

37 Property and equipment

(a) Group

	Land	Building & Leasehold Improvements	Motor Vehicles	Computer equipment	Office equipment	Furniture & Fittings	Total
Cost							
Balance, beginning of year	623,291	600,324	86,544	32,207	81,217	57,648	1,481,231
Additions	-	-	2,179	1,253	230	1,250	4,912
Disposals	-	-	(3,000)	-	(750)	(110)	(3,860)
Revaluation surplus (see note 47)	98,423	58,799	-	-	-	-	157,222
Balance, end of year	721,714	659,123	85,723	33,460	80,697	58,788	1,639,505
Accumulated depreciation							
Balance, beginning of year	63,291	98,722	26,199	30,755	68,724	53,207	340,898
Charge for the year	8,423	12,006	9,804	1,303	5,679	2,640	39,855
Disposals	-	-	(3,000)	-	(750)	(110)	(3,860)
Reclassifications	-	-	-	-	-	-	-
Balance, end of year	71,714	110,728	33,003	32,058	73,653	55,737	376,893
Net book value							
At 31 December 2013	650,000	548,395	52,720	1,402	7,044	3,051	1,262,612
At 31 December 2012	560,000	501,602	60,345	1,452	12,493	4,441	1,140,333

(i) Unitrust Insurance Company's land and buildings were revalued by Paul Osaji & Co., Estate Surveyor and Valuers (FRC/2013/00000000001098) using both Investment Method and Comparative Method of valuation to arrive at their open market value as at 31 December 2013. The previous revaluation was done in December 2012.

(ii) Included in property and equipment is land which is a leased asset and has been accounted for as a finance lease.

(iii) There were no capitalised borrowing costs related to the acquisition of property and equipment as at the reporting date (31 December 2012: Nil).

(iv) There were no capital commitments contracted or authorised as at the reporting date (31 December 2012: Nil).

Notes to the Consolidated and Separate Financial Statements

For the year ended 31 December 2013

(All amounts are in thousands of naira)

37 Property and equipment

(b) Company

	Land	Building & Leasehold Improvements	Motor Vehicles	Computer equipment	Office equipment	Furniture & Fittings	Total
Cost							
Balance, beginning of year	623,291	600,324	84,494	32,207	81,217	57,648	1,479,181
Additions	-	-	2,179	1,253	230	1,250	4,912
Disposals	-	-	(2,200)	-	(750)	(110)	(3,060)
Revaluation surplus	98,423	58,799	-	-	-	-	157,222
Balance, end of year	721,714	659,123	84,473	33,460	80,697	58,788	1,638,255
Accumulated depreciation							
Balance, beginning of year	63,291	98,722	24,406	30,755	68,724	53,207	339,105
Charge for the year	8,423	12,006	9,804	1,303	5,679	2,640	39,855
Disposals	-	-	(2,200)	-	(750)	(110)	(3,060)
Balance, end of year	71,714	110,728	32,010	32,058	73,653	55,737	375,900
Net book value							
At 31 December 2013	650,000	548,395	52,463	1,402	7,044	3,051	1,262,355
At 31 December 2012	560,000	501,602	60,088	1,452	12,493	4,441	1,140,076

(i) Unitrust Insurance Company's land and buildings were revalued by Paul Osaji & Co., Estate Surveyor and Valuers (FRC/2013/00000000001098) using both Investment Method and Comparative Method of valuation to arrive at their open market value as at 31 December 2013. The previous revaluation was done in December 2012.

(ii) Included in property and equipment is land which is a leased asset and has been accounted for as a finance lease.

(iii) There were no capitalised borrowing costs related to the acquisition of property and equipment as at the reporting date (31 December 2012: Nil).

(iv) There were no capital commitments contracted or authorised as at the reporting date (31 December 2012: Nil).

Notes to the Consolidated and Separate Financial Statements

For the year ended 31 December 2013

(All amounts are in thousands of naira)

38 Statutory deposit

This represents the Company's deposit with the Central Bank of Nigeria as at 31 December 2013, in compliance with Section 10(3) of the Insurance Act, 2003. The deposit is not available for use by the Company on a normal course of day to day business.

	Group 31-Dec-2013	Group 31-Dec-2012	Company 31-Dec-2013	Company 31-Dec-2012
General Business	315,000	315,000	315,000	315,000
	315,000	315,000	315,000	315,000
Current	-	-	-	-
Non-Current	315,000	315,000	315,000	315,000
	315,000	315,000	315,000	315,000

39 Insurance contract liabilities

	Group 31-Dec-2013	Group 31-Dec-2012	Company 31-Dec-2013	Company 31-Dec-2012
Outstanding claims (see note (a) below)	2,280,427	2,523,853	2,280,427	2,523,853
Unearned premium (see (b) below)	1,030,588	1,086,747	1,030,588	1,086,747
Total insurance contract liabilities	3,311,015	3,610,600	3,311,015	3,610,600

(a) Outstanding claims

(i) Outstanding claims represent the estimated costs of settling all claims arising from incidents occurring as at the reporting date. The liability adequacy test for outstanding claims liabilities as at 31 December 2013 and the comparative period was done by HR Nigeria Limited (FRC/NAS/00000000738).

	Group 31-Dec-2013	Group 31-Dec-2012	Company 31-Dec-2013	Company 31-Dec-2012
Motor	337,453	342,328	337,453	342,328
Fire	101,537	131,421	101,537	131,421
General accident	185,954	251,180	185,954	251,180
Marine	155,063	65,526	155,063	65,526
Miscellaneous	359,435	365,650	359,435	365,650
Bond	3	3	3	3
Engineering	339,073	518,537	339,073	518,537
Oil and gas	801,909	849,208	801,909	849,208
	2,280,427	2,523,853	2,280,427	2,523,853

Notes to the Consolidated and Separate Financial Statements

For the year ended 31 December 2013

(All amounts are in thousands of naira)

(ii) Movement in provision for outstanding claims

	Company 31-Dec-2013	Company 31-Dec-2012
Provision for reported claims by policyholders	2,073,115	2,294,412
Provision for claims incurred but not reported	207,312	229,441
	2,280,427	2,523,853
Less: Opening provision for outstanding claims	(2,523,853)	(2,102,238)
Decrease in provision for outstanding claims (see note 17)	(243,426)	421,615

(b) Unearned premium

(i) Unearned premium represents premium relating to risk for period not within the accounting period and constitutes liabilities for short-term insurance contracts for which the Company's obligations have not expired as at year end.

	Group 31-Dec-2013	Group 31-Dec-2012	Company 31-Dec-2013	Company 31-Dec-2012
Motor	256,307	320,576	256,307	320,576
Fire	176,203	207,460	176,203	207,460
General accident	77,792	105,602	77,792	105,602
Marine	32,655	67,018	32,655	67,018
Miscellaneous	55,593	64,635	55,593	64,635
Bond	5,198	8,125	5,198	8,125
Engineering	194,660	127,889	194,660	127,889
Oil and gas	232,180	185,442	232,180	185,442
	1,030,588	1,086,747	1,030,588	1,086,747

(ii) Movement in unearned premium:	Group 31-Dec-2013	Group 31-Dec-2012	Company 31-Dec-2013	Company 31-Dec-2012
Balance, beginning of year	1,086,747	938,853	1,086,747	938,853
(Reduction)/addition during the year (see note 11)	(56,159)	147,894	(56,159)	147,894
Balance, end of year	1,030,588	1,086,747	1,030,588	1,086,747

Management's assessment of the estimated cost of claims and expenses resulting from claims did not exceed the unearned premium, thus no provision was made for unexpired risk as at year end.

Current	3,106,484	2,145,245	3,106,484	2,145,245
Non-Current	204,531	1,465,355	204,531	1,465,355
	3,311,015	3,610,600	3,311,015	3,610,600

Notes to the Consolidated and Separate Financial Statements

For the year ended 31 December 2013

(All amounts are in thousands of naira)

40 Trade payables

Trade payables represents liabilities to re-insurers, brokers, insurance companies and agents on insurance contracts as at year end.

	Group 31-Dec-2013	Group 31-Dec-2012	Company 31-Dec-2013	Company 31-Dec-2012
Due to reinsurers	277,555	641,981	277,555	641,981
Due to brokers	12,158	13,739	12,158	13,739
Due to insurance companies	89,856	60,955	89,856	60,955
Due to agents	198,343	1,773	198,343	1,773
	577,912	718,448	577,912	718,448

All amounts are payable within one year.

Current	577,912	577,912	577,912	577,912
Non-Current	-	-	-	-
	577,912	577,912	577,912	577,912

41 Accruals and other payables

	Group 31-Dec-2013	Group 31-Dec-2012	Company 31-Dec-2013	Company 31-Dec-2012
Accrued expenses	362,630	346,488	358,526	343,292
Provision for NITDA levy	-	7,436	-	7,436
Unearned commission income	106,696	110,864	106,696	110,864
Deferred income	69,461	91,237	69,461	91,237
Other payables	157,760	190,546	149,964	188,308
Payables to subsidiary	-	-	47,396	47,677
Dividend payable	75,898	-	75,898	-
	772,445	746,571	807,941	788,814
Current	681,917	447,097	717,413	447,097
Non-Current	90,528	299,474	90,528	341,717
	772,445	746,571	807,941	788,814

42 Current income tax liabilities

(a) The movement in this account during the year was as follows:

	Group 31-Dec-2013	Group 31-Dec-2012	Company 31-Dec-2013	Company 31-Dec-2012
Balance, beginning of year	131,382	280,053	128,432	277,361
Prior year under-provision	309	7,512	-	7,512
Charge for the year (see note (b) below)	464,412	93,653	460,826	90,514
Payments during the year	(88,638)	(249,836)	(88,638)	(246,955)
Balance, end of year	507,465	131,382	500,620	128,432

Notes to the Consolidated and Separate Financial Statements

For the year ended 31 December 2013

(All amounts are in thousands of naira)

(b) The tax charge for the year comprises:

	Group 31-Dec-2013	Group 31-Dec-2012	Company 31-Dec-2013	Company 31-Dec-2012
Corporate income tax	416,474	83,910	413,118	80,772
Education levy	29,011	9,743	28,781	9,742
NITDA	18,927	-	18,927	-
	464,412	93,653	460,826	90,514
Deferred tax charge/(credit)	51,049	(48,542)	50,954	(48,589)
Total tax charge for the year	515,461	45,111	511,780	41,925

Corporate Income tax has been computed at the rate of 30% of total profits (2012: 30%) and education levy at the rate of 2% (2012:2%) on assessable profits for the year after adjusting for certain items of income and expenditure which are not deductible or chargeable for tax purposes.

(c) Reconciliation of effective tax rate

	Group				Company			
	31-Dec-2013		31-Dec-2012		31-Dec-2013		31-Dec-2012	
Profit before tax		1,894,502		741,689		1,892,738		736,180
Income tax using the domestic corporation tax	30%	568,351	30%	222,507	30%	567,821	30%	220,854
Non-deductible expenses	1%	20,445	1%	74,102	1%	17,619	10%	72,617
Tax exempt income	-8%	(153,414)	3%	(147,349)	-8%	(153,414)	-20%	(147,349)
Tax incentives	-1%	(18,908)	1%	(65,350)	-1%	(18,908)	-9%	(65,350)
Changes in recognised deductible temporary differences	3%	51,049	-20%	(48,542)	3%	50,954	-7%	(48,589)
Education tax levy	2%	29,011	-9%	9,743	2%	28,781	1%	9,742
NITDA	1%	18,927	0%	-	1%	18,927	0%	-
	27%	515,461	6%	45,111	27%	511,780	6%	41,925

Notes to the Consolidated and Separate Financial Statements

For the year ended 31 December 2013

(All amounts are in thousands of naira)

43 Deferred tax liabilities

(a) Deferred tax assets and liabilities are attributable to the following:

Group

	31-Dec-2013			31-Dec-2012		
	Assets	**Liabiltities**	**Net**	**Assets**	**Liabiltities**	**Net**
Property and equipment	-	355,091	355,091	-	280,297	280,297
Investment property	-	5,453	5,453	-	4,253	4,253
Allowances for impairment on trade receivables	-	-	-	(22,827)	-	(22,827)
Available-for-sale financial assets	-	-	-	(19,369)	-	(19,369)
Unrealised exchange gain	-	6	6	-	611	611
	-	360,550	360,550	(42,196)	285,161	242,965

Company

	31-Dec-2013			31-Dec-2012		
	Assets	**Liabiltities**	**Net**	**Assets**	**Liabiltities**	**Net**
Property and equipment	-	355,013	355,013	-	280,314	280,314
Investment property	-	5,453	5,453	-	4,253	4,253
Allowances for impairment on trade receivables	-	-	-	(22,827)	-	(22,827)
Available-for-sale financial assets	-	-	-	(19,369)	-	(19,369)
Unrealised exchange gain		6	6	-	611	611
	-	360,472	360,472	(42,196)	285,178	242,982

Notes to the Consolidated and Separate Financial Statements

For the year ended 31 December 2013

(All amounts are in thousands of naira)

(b) Movements in temporary differences during the year ended 31 December 2013:

	Group				Company			
	Balance at 1 January	**Recognized in profit or loss**	**Recognized in other comprehensive income**	**Balance at 31 December**	**Balance at 1 January**	**Recognized in profit or loss**	**Recognized in other comprehensive income**	**Balance at 31 December**
Property and equipment	280,297	27,627	47,167	355,091	280,314	27,532	47,167	355,013
Investment property	4,253	1,200	-	5,453	4,253	1,200	-	5,453
Allowances for impairment on trade receivables	(22,827)	22,827	-	-	(22,827)	22,827	-	-
Available-for-sale financial assets (see note 48)	(19,369)	-	19,369	-	(19,369)	-	19,369	-
Unrealised exchange gain	611	(605)	-	6	611	(605)	-	6
	242,965	51,049	66,536	360,550	242,982	50,954	66,536	360,472

Movements in temporary differences during the year ended 31 December 2012:

	Group				Company			
	Balance at 1 January	**Recognized in profit or loss**	**Recognized in other comprehensive income**	**Balance at 31 December**	**Balance at 1 January**	**Recognized in profit or loss**	**Recognized in other comprehensive income**	**Balance at 31 December**
Property and equipment	125,560	(29,968)	184,705	280,297	125,624	(30,015)	184,705	280,314
Investment property	-	4,253		4,253	-	4,253	-	4,253
Allowances for impairment on trade receivables	-	(22,827)	-	(22,827)	-	(22,827)	-	(22,827)
Available-for-sale financial assets	-	-	(19,369)	(19,369)	-	-	(19,369)	(19,369)
Unrealised exchange gain	611	-	-	611	611	-	-	611
	126,171	(48,542)	165,336	242,965	126,235	(48,589)	165,336	242,982

Notes to the Consolidated and Separate Financial Statements

For the year ended 31 December 2013

(All amounts are in thousands of naira)

44 Share capital:

Share capital comprises:

	Group 31-Dec-2013	Group 31-Dec-2012	Company 31-Dec-2013	Company 31-Dec-2012
Authorized:				
5,000,000,000 Ordinary shares of ₦1 each	5,000,000	5,000,000	5,000,000	5,000,000
Issued and fully paid:				
3,300,000,000 Ordinary shares of ₦1 each	3,300,000	3,300,000	3,300,000	3,300,000

45 Contingency reserves

The Company maintains a statutory contingency reserve in accordance with the provisions of the Insurance Act, 2003 to cover fluctuations in securities and variations in statistical estimates at the rate equal to the higher of 3% of total premium or 20% of the total profit after taxation until the reserve reaches the greater of minimum paid up capital or 50% of net premium.

The movement in this account during the year is as follows:

	Group 31-Dec-2013	Group 31-Dec-2012	Company 31-Dec-2013	Company 31-Dec-2012
Balance, beginning of year	1,085,720	946,869	1,085,720	946,869
Transfer from profit	276,192	138,851	276,192	138,851
Balance, end of year	1,361,912	1,085,720	1,361,912	1,085,720

46 Retained earnings

The movement in this account during the year is as follows:

	Group 31-Dec-2013	Group 31-Dec-2012	Company 31-Dec-2013	Company 31-Dec-2012
Balance, beginning of year	908,975	879,248	868,488	841,084
Dividend declared	(660,000)	(528,000)	(660,000)	(528,000)
Profit for the year	1,379,041	696,578	1,380,958	694,255
Transfer to contingency reserves	(276,192)	(138,851)	(276,192)	(138,851)
Balance, end of year	1,351,824	908,975	1,313,254	868,488

Notes to the Consolidated and Separate Financial Statements

For the year ended 31 December 2013

(All amounts are in thousands of naira)

47 Asset revaluation reserves of land and building

Asset revaluation reserve comprises the cummulative net change in the fair value of land and building.

	Group	Group	Company	Company
	31-Dec-2013	31-Dec-2012	31-Dec-2013	31-Dec-2012
Balance, beginning of year	819,968	1,301,118	819,968	1,301,118
Revaluation surplus/(deficit) (see note 37)	157,222	(296,445)	157,222	(296,445)
Related tax (see note 43 (b))	(47,167)	(184,705)	(47,167)	(184,705)
Balance, end of year	930,023	819,968	930,023	819,968

48 Fair value reserves

The fair value reserve comprises the cummulative net change in the fair value of available-for-sale securities until assets are derecognised or impaired.

	Group	Group	Company	Company
	31-Dec-2013	31-Dec-2012	31-Dec-2013	31-Dec-2012
Balance, beginning of year	(174,318)	(293,311)	(174,318)	(293,311)
Fair value gain for the year	120,478	99,624	120,478	99,624
Related tax (see note 43 (b))	(19,369)	19,369	(19,369)	19,369
Balance, end of year	(73,209)	(174,318)	(73,209)	(174,318)

Notes to the Consolidated and Separate Financial Statements

For the year ended 31 December 2013

(All amounts are in thousands of naira)

49 Staff information

(a) ***Staff and directors' analysis:***

(i) Employees earning more than ₦100,000 per annum, other than the executive directors, whose duties were wholly or mainly discharged in Nigeria, received emoluments (excluding pension contribution and other allowances) in the following ranges:

	Group	Group	Company	Company
	31-Dec-2013	31-Dec-2012	31-Dec-2013	31-Dec-2012
	Number	Number	Number	Number
₦101,000 - ₦500,000	7	7	7	7
₦500,001 - ₦750,000	17	23	17	23
₦750,001 - ₦1,000,000	23	23	23	23
₦1,000,001 - ₦2,000,000	31	36	31	36
₦2,000,001 - ₦3,000,000	14	12	14	12
Over ₦3,000,000	23	28	23	28
	115	129	115	129

(ii) The average number of full time persons employed by the Company during the year was as follows:

	Group	Group	Company	Company
	31-Dec-2013	31-Dec-2012	31-Dec-2013	31-Dec-2012
	Number	Number	Number	Number
Management staff	14	17	14	17
Non-management staff	101	112	101	112
	115	129	115	129

(b) ***Director's remuneration***

(i) Remuneration paid to the directors of the Company (excluding pension contribution and certain benefits) was as follows:

	Group	Group	Company	Company
	31-Dec-2013	31-Dec-2012	31-Dec-2013	31-Dec-2012
Directors' fees	1,250	1,250	1,250	1,250
Other emoluments	23,040	29,420	23,040	29,420
	24,290	30,670	24,290	30,670

Notes to the Consolidated and Separate Financial Statements

For the year ended 31 December 2013

(All amounts are in thousands of naira)

(ii) The directors' remuneration shown above (excluding pension contributions and other allowances) includes:

	Group 31-Dec-2013	Group 31-Dec-2012	Company 31-Dec-2013	Company 31-Dec-2012
Chairman	2,711	2,950	2,711	2,950
Highest paid director	3,101	4,850	3,101	4,850

(iii) The emoluments of all other directors fell within the following ranges:

	Group 31-Dec-2013 Number	Group 31-Dec-2012 Number	Company 31-Dec-2013 Number	Company 31-Dec-2012 Number
₦1,000,000 - ₦1,599,999	-	3	-	3
₦1,600,000 - ₦2,700,000	2	1	2	1
₦2,700,001 - ₦3,800,000	5	2	5	2
₦3,800,001 - ₦4,999,999	-	2	-	2
	7	8	7	8

50 Net cash flow from operating activities before changes in operating assets

	Group 31-Dec-2013	Group 31-Dec-2012	Company 31-Dec-2013	Company 31-Dec-2012
Profit after taxation	1,379,041	696,578	1,380,958	694,255
Taxation	515,461	45,111	511,780	41,925
Profit before tax	1,894,502	741,689	1,892,738	736,180
Adjustment to reconcile profit before taxation to net cash flow from operations:				
Depreciation of property and equipment	39,855	98,296	39,855	97,983
Amortisation of intangible assets	-	2,364	-	2,364
Profit on disposal of property and equipment	(1,055)	(1,400)	(1,055)	(1,400)
(Write-back)/Additional impairment on trade receivables	(437,254)	199,562	(437,254)	199,562
(Write-back)/Additional impairment on loans and receivables	(16,243)	70,710	(16,243)	70,710
Additional/ (Writeback) impairment on other receivables and prepayment	17,690	(38,513)	17,690	(38,513)
Write-back of bad loans	-	(108,593)	-	(108,593)
Write-off of premium debts	-	120,828	-	120,828
Bad debts written off	24,297	7,684	24,297	7,684
Fair value gain on investment property	(12,000)	(42,524)	(12,000)	(42,524)
Net realized losses on financial assets	8,346	8,861	8,346	8,861
Rent received	(83,160)	(83,160)	(83,160)	(83,160)
Dividend income on equity investments	(21,925)	(13,863)	(21,925)	(13,863)
Cash generated from operations	1,413,053	961,941	1,411,289	956,119

Notes to the Consolidated and Separate Financial Statements

For the year ended 31 December 2013

(All amounts are in thousands of naira)

51 Changes in operating assets and liabilities

	Group 31-Dec-2013	Group 31-Dec-2012	Company 31-Dec-2013	Company 31-Dec-2012
(Increase)/decrease in operating assets:				
- Loans and receivables	93,212	876,191	92,548	876,805
- Trade receivables	1,095,787	116,758	1,095,787	116,758
- Reinsurance assets	129,727	(530,987)	129,727	(530,987)
- Finance lease receivables	79,221	(61,052)	79,221	(61,052)
- Other receivables	(49,431)	(166,310)	(50,298)	(165,578)
- Deferred acquisition cost	(47,381)	(17,830)	(47,381)	(17,830)
Increase/(decrease) in operating liabilities:				
- Insurance contract liabilities	(299,585)	569,509	(299,585)	569,509
- Trade payables	(140,536)	(123,949)	(140,536)	(123,949)
- Other payables	27,370	77,310	20,314	77,473
	888,384	739,640	879,797	741,149

52 Proposed dividend

A dividend of 33 kobo per share, amounting to a total dividend of ₦1.09 billion for the financial year ended 31 December 2013 is proposed by the Directors to be approved at the Annual General Meeting (2012: ₦660 million at 20 kobo per share).

53 Contingents

(a) *Claims and litigations*

The Company, like all other insurers, is subject to litigation in the normal course of its business. There are litigation claims against the Company as at 31 December 2013 amounting to ₦272 million (2012: ₦371million). These litigation and claims arose in the normal course of business and are being contested by the Company. The directors, having sought advice of professional counsel, are of the opinion that no significant liability that could have a material effect on its profit or loss and financial condition will crystallise from these claims. No provisions in respect of these claims have been made in these financial statements.

(b) *Financial guarantees*

The Company provides financial guarantee to third parties at the request of customers in the form of advance payment guarantee. As at the reporting date, ₦221.3million (2012: ₦233.7 million) represented the maximum loss that could result if the counter parties failed completely to perform the contract. No provisions in respect of these guarantees have been recognised in these financial statements.

54 Contravention of laws and regulations

The Company incurred penalties of N2.12 million for the contravention of NAICOM laws and/or other regulations during the year. Penalty paid in 2012 was ₦500,000. The penalties incurred during the year were for the following contraventions:

- non submission of premium income data for 1st quarter of 2013 (N750,000)

- failure to submit report on claims, management expenses and acquisition costs for 1st quarter of 2013 (N250,000)

- violation of NPNC guidelines on insurance of own assets (N1000,000)

- non submission of unremitted premium for quarter 2, 2013 (N120,000)

Notes to the Consolidated and Separate Financial Statements

For the year ended 31 December 2013

(All amounts are in thousands of naira)

55 Related parties

(a) ***Subsidiary***

The Company has one wholly owned subsidiary as at 31 December 2013. The operating and financing activities of the Company is carried out by the parent with a common direction and common managements. Transactions between Unitrust Insurance Company Limited and the subsidiary also meet the definition of related party transactions. Where these are eliminated on consolidation, they are not disclosed in the consolidated financial statements.

(b) ***Transactions with key management personnel***

The Group's key management personnel, and persons connected with them, are also considered to be related parties for disclosure purposes. The definition of key management includes close members of family of key management personnel and any entity over which key management personnel exercise control. The key management personnel have been identified as the executive directors, non-executive directors and senior management of the Group. Close members of family are those family members who may be expected to influence, or be influenced by that individual in their dealings with Unitrust Insurance Company Limited.

(c) ***Key management compensation***

The compensation of key management personnel for the year was as follows:

	Group 31-Dec-2013	Group 31-Dec-2012	Company 31-Dec-2013	Company 31-Dec-2012
Short-term employee benefits	115,139	125,021	115,139	125,021
Post-employment benefits	4,251	4,652	4,251	4,652
Other long-term benefits	21,391	60,208	21,391	60,208
	140,781	189,881	140,781	189,881

(d) ***Loans and advances to key management personnel***

	31-Dec-2013	31-Dec-2012
Loans outstanding as at 1 January	5,065	6,909
Loans issued during the year	2,000	4,472
Loans repayment during the year	(6,276)	(6,316)
Loans outstanding as at 31 December	789	5,065

No impairment has been recognised in respect of loans given to key management personnel (2012: Nil).

Loans to key management personnel are personal loans which are given under terms that are no more favorable than those given to other staff. The loan given to key management personnel of ₦2 million during the year is repayable monthly over a period of 1 year.

Notes to the Consolidated and Separate Financial Statements

For the year ended 31 December 2013

(All amounts are in thousands of naira)

(e) ***Key management personnel and director transactions***

The following transactions were carried out with related parties:

Name of related party	Relationship	Nature of related party transactions	Outstanding balance	
			31-Dec-2013	31-Dec-2012
Unitrust Global Assets Management Limited	Subsidiary	Intercompany balances	47,396	47,677
Unitrust Global Assets Management Limited	Subsidiary	Other receivables	-	4,130

During the year, the Company engaged in transactions with companies whose directors are also directors of Unitrust lnsurance Company Limited at rates and terms comparable to similar transactions carried out during the year. Details of these related party transactions and balances at year end are as follows:

Name of related party	Relationship	Nature of related party relationship	Outstanding balance	
			31-Dec-2013	31-Dec-2012
Hitech Construction Company Limited	Director-related	Commercial Loans	-	-
I.T.B Nigeria Limited	Director-related	Commercial Loans	52,936	52,936
Khalil & Dibbo Transport Limited	Director-related	Commercial Loans	76,836	82,617
N'jiubacu Nigeria Limited	Director-related	Commercial Loans	43,891	80,272
Rocky Sporting Club	Director-related	Commercial Loans	-	-
Wytak Press Limited	Director-related	Commercial Loans	-	-
Multiline Investment Company Limited	Director-related	Commercial Loans	13,901	-
Pirotech Nigeria Limited	Director-related	Commercial Loans	29,420	-
Total commercial loans to related parties			216,984	215,825
EMC Engineering	Director-related	Insurance underwriting	175	
Altona Pools Limited	Director-related	Insurance underwriting	-	-
B & Y Pools Limited	Director-related	Insurance underwriting	-	-
Best Land & Sea Setvices	Director-related	Insurance underwriting	2,101	2,300
Blackdiamond Suites & Apartment services Limted	Director-related	Insurance underwriting	-	-
C & C Agro Allied Nig. Limited	Director-related	Insurance underwriting	206	-
C & C Construction	Director-related	Insurance underwriting	-	-
Cactus Investment Limited	Director-related	Insurance underwriting	-	580
Campbell Holdings Limited	Director-related	Insurance underwriting	1,567	1,753
Courdeau Catering Nig. Limited	Director-related	Insurance underwriting	4,110	2,880
DamiI Nigeria Limited	Director-related	Insurance underwriting	127	127
Dangil Holdings Co. Limited	Director-related	Insurance underwriting	22	22
Domo Casino Limited	Director-related	Insurance underwriting	-	792
Eko Hotels Limited	Director-related	Insurance underwriting	-	-
Eko Hotels/Ocean View Restaurant	Director-related	Insurance underwriting	175	-
Fleetwood Garages Co. Limited	Director-related	Insurance underwriting	-	2,977
Glass Force Limited	Director-related	Insurance underwriting	7,269	7,773
H.P.I. Amca Limited	Director-related	Insurance underwriting	-	-

Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2013
(All amounts are in thousands of naira)

Name of related party	Relationship	Nature of related party relationship	Outstanding balance	
			31-Dec-2013	31-Dec-2012
Hitech Const. Co. Limited	Director-related	Insurance underwriting	-	85,077
I.T.B. Nigeria Limited	Director-related	Insurance underwriting	49,773	57,236
Jobsons Nigeria Limited	Director-related	Insurance underwriting	-	2,602
Kalife Travel Bureau	Director-related	Insurance underwriting	-	-
Khalil & Dibbo Transport Limited	Director-related	Insurance underwriting	-	70,406
Le Lido Limited	Director-related	Insurance underwriting	-	-
M.J.M. Company Limited	Director-related	Insurance underwriting	185	185
Motophone Limited	Director-related	Insurance underwriting	-	-
Motorphone/International Network Comm.	Director-related	Insurance underwriting	2,432	2,432
Nabilco Limited	Director-related	Insurance underwriting	-	-
Nidart Investment Limited	Director-related	Insurance underwriting	1,679	1,469
Nigerian Eagle Flour Mills	Director-related	Insurance underwriting	583	-
Norlin Nig. Limited	Director-related	Insurance underwriting	198	198
Ocean Parade Limited	Director-related	Insurance underwriting	178	253
Oceanland Carriers	Director-related	Insurance underwriting	-	-
Oiltech Nig. Limited	Director-related	Insurance underwriting	3,023	3,023
Pioneer Foods Ind.Limited	Director-related	Insurance underwriting	328	-
Ragolis Waters Limited	Director-related	Insurance underwriting	-	13,907
Rocky Pools Limited	Director-related	Insurance underwriting	-	902
Rocky Sporting Club	Director-related	Insurance underwriting	-	7,405
South Atlantic Petroleum Limited	Director-related	Insurance underwriting	3,249	-
South Energyx Nigeria Limited	Director-related	Insurance underwriting	-	64
Sundan Holdings Limited	Director-related	Insurance underwriting	56	-
T. Y. Chemicals Limited	Director-related	Insurance underwriting	-	1,631
Taraba Fisheries (General)	Director-related	Insurance underwriting	2,692	2,692
Taraba Fisheries (Marine)	Director-related	Insurance underwriting	418	418
Tarabaroz Fisheries Limited	Director-related	Insurance underwriting	4,549	4,776
Trolleys Limited	Director-related	Insurance underwriting	949	949
VIP Health Centre	Director-related	Insurance underwriting	-	1,078
Wytak Press Limited	Director-related	Insurance underwriting	-	-
Cordeau Catering Nig. Limited	Director-related	Insurance underwriting	-	-
Rima Rock	Director-related	Insurance underwriting	35	-
Tarnerash Pharmacy	Director-related	Insurance underwriting	110	-
Damil Nigeria Limited	Director-related	Insurance underwriting	127	-
Total Insurance underwriting to related parties			86,315	275,907

The related party transactions were made on terms equivalent to those that prevail in arms length transactions.

No commercial loan and outstanding premium was written off during the year (2012: ₦108.6 million and ₦29.2 million in respect of commercial loans and outstanding premium respectively). The outstanding premium balances and oustanding commercial loans from related parties have been fully impaired.

56 Events occurring after the reporting period

There were no events that occurred subsequent to the reporting date that require adjustments or disclosure in the financial statements.

Other Financial Information:

Revenue account

For the year ended 31 December 2013

(All amounts are in thousands of naira)

	Motor	Fire	General Accident	Marine	Misc.	Bond	Engineering	Oil & Gas	31-Dec-2013 Total	31-Dec-2012 Total
INCOME										
Gross premium income	872,775	650,194	355,780	237,848	204,600	18,958	359,986	323,794	**3,023,935**	**3,170,364**
Add: Reinsurance inward premiums	-	-	-	-	-	-	-	-	**-**	**-**
Total gross premium income	872,775	650,194	355,780	237,848	204,600	18,958	359,986	323,794	**3,023,935**	**3,170,364**
Less: Unearned premium income	64,272	31,257	(1,844)	34,362	38,693	2,927	(66,771)	(46,737)	**56,159**	**(147,894)**
Gross insurance premium income	937,047	681,451	353,936	272,210	243,293	21,885	293,215	277,057	**3,080,094**	**3,022,470**
Less: Reinsurance cost										
Reinsurance expenses	(42,222)	(576,261)	(198,105)	(117,383)	(11,459)	(7,476)	(238,451)	(223,756)	**(1,415,113)**	**(1,445,469)**
Prepaid reinsurance	-	(26,374)	(21,115)	(24,727)	(545)	458	57,308	32,814	**17,819**	**63,706**
	(42,222)	(602,635)	(219,220)	(142,110)	(12,004)	(7,018)	(181,143)	(190,942)	**(1,397,294)**	**(1,381,763)**
Net insurance premium income	894,825	78,816	134,716	130,100	231,289	14,867	112,072	86,115	**1,682,800**	**1,640,707**
Add: Fee income										
Commissions received	-	106,559	68,212	54,094	33	3,203	70,362	8,891	**311,354**	**382,460**
Deferred commission income	-	2,933	5,147	2,409	10	(149)	(13,373)	7,194	**4,171**	**(5,491)**
	-	109,492	73,359	56,503	43	3,054	56,989	16,085	**315,525**	**376,969**
Net underwriting income	**894,825**	**188,308**	**208,075**	**186,603**	**231,332**	**17,921**	**169,061**	**102,200**	**1,998,325**	**2,017,676**
EXPENSES										
Claims paid	275,116	310,081	133,482	39,573	111,691	60,551	225,612	239,282	**1,395,388**	**1,349,062**
Outstanding claims	(14,299)	(30,134)	(37,658)	86,538	(9,763)	(10,551)	(180,260)	(47,299)	**(243,426)**	**421,615**
Gross claims expenses	260,817	279,947	95,824	126,111	101,928	50,000	45,352	191,983	**1,151,962**	**1,770,677**

Less: Reinsurance claims recoveries/recoverable	(7,899)	(226,634)	(44,202)	(90,608)	(2,325)	(50,993)	9,907	(170,952)	**(583,706)**	**(1,084,384)**
Net claims expenses	252,918	53,313	51,622	35,503	99,603	(993)	55,259	21,031	**568,256**	**686,293**
Add: Underwriting expenses										
Acquisition expenses	131,582	101,092	61,152	29,131	27,835	936	88,796	67,331	**507,855**	**405,960**
Maintenance expenses	9,169	808	1,380	1,333	2,370	152	1,148	882	**17,242**	**26,273**
Deferred acquisition costs	(5,059)	744	9,795	(137)	(1,155)	(47)	(22,462)	(29,060)	**(47,381)**	**(17,831)**
Total underwriting expenses	135,692	102,644	72,327	30,327	29,050	1,041	67,482	39,153	**477,716**	**414,402**
Net underwriting expenses	**388,610**	**155,957**	**123,949**	**65,830**	**128,653**	**48**	**122,741**	**60,184**	**1,045,972**	**1,100,695**
Underwriting profit / (loss)	**506,215**	**32,351**	**84,126**	**120,773**	**102,679**	**17,873**	**46,320**	**42,016**	**952,353**	**916,981**

Other Financial Information:

Value Added Statement

	Group		Group		Company		Company	
	31-Dec-2013		31-Dec-12		31-Dec-2013		31-Dec-12	
	₦'000	**%**	**₦'000**	**%**	**₦'000**	**%**	**₦'000**	**%**
Gross premium income	3,080,094		3,022,470		3,080,094		3,022,470	
Investment income:								
- Local	840,988		932,622		837,130		928,103	
- Foreign	3,145		3,104		3,145		3,104	
Comission and other income:								
- Local	601,467		472,540		601,342		463,916	
- Foreign	126,221		86,173		126,221		86,173	
Re-insurance, claims, underwriting & operating expenses:								
- Local	(1,915,080)		(2,840,658)		(1,912,861)		(2,833,337)	
- Foreign	(388,677)		(361,226)		(388,677)		(361,226)	
Value added	2,348,158	100	1,315,025	100	2,346,394	100	1,309,203	100
Applied to pay:								
Employee as salaries and other benefits	413,801	18	472,676	36	413,801	18	472,676	36
Government as tax	515,461	22	45,111	3	511,780	22	41,925	3
Retained in the business:								
- Depreciation of property and	39,855	2	98,296	8	39,855	2	97,983	8
- Amortisation of intangible assets	-	-	2,364	-	-	-	2,364	-
- To augment reserves	1,379,041	58	696,578	53	1,380,958	58	694,255	53
Value added	2,348,158	100	1,315,025	100	2,346,394	100	1,309,203	100

Other Financial Information:

Financial Summary

(All amounts are in thousands of naira)

Group

STATEMENT OF FINANCIAL POSITION

	31-Dec-2013	31-Dec-2012	31-Dec-2011	31-Dec-2010
Assets				
Cash and cash equivalents	1,615,429	3,041,133	2,839,951	3,666,071
Available-for-sale securities	423,376	302,897	203,272	302,498
Held-to-maturity securities	6,103,945	3,102,540	2,653,256	1,159,240
Loans and receivables	18,314	95,283	895,078	756,622
Pledged Assets	223,465	255,327	-	-
Trade receivables	18,073	676,606	1,113,754	1,183,502
Reinsurance assets	1,503,302	1,633,029	1,102,042	915,030
Deferred acquisition cost	115,036	67,655	49,825	47,765
Other receivables and prepayment	433,299	325,855	167,229	147,982
Investments in finance lease	62,432	141,653	80,601	153,724
Investment in subsidiary	-	-	-	-
Investment property	305,000	293,000	250,476	245,928
Intangible assets	654	-	2,364	9,495
Property, plant and equipment	1,262,612	1,140,333	1,420,049	1,451,327
Statutory deposits	315,000	315,000	315,000	315,000
Total assets	12,399,937	11,390,311	11,092,897	10,354,184
Liabilities				
Insurance contract liabilities	3,311,015	3,610,600	3,041,091	2,491,865
Trade payables	577,912	718,448	842,397	877,536
Provision and other payables	772,445	746,571	669,261	615,071
Current income tax liabilities	507,465	131,382	280,053	422,482
Deferred tax liability	360,550	242,965	126,171	51,036
Total liabilities	5,529,387	5,449,966	4,958,973	4,457,990
Equity				
Issued and paid share capital	3,300,000	3,300,000	3,300,000	3,300,000
Contingency reserve	1,361,912	1,085,720	946,869	855,046
Retained earnings	1,351,824	908,975	879,248	657,041
Asset revaluation reserve	930,023	819,968	1,301,118	1,298,581
Fair value reserve	(73,209)	(174,318)	(293,311)	(214,474)
Shareholders' funds	6,870,550	5,940,345	6,133,924	5,896,194

The financial information presented above reflects historical summaries based on International Financial Reporting Standards. Information related to prior periods have not been presented as they are based on a different financial reporting framework (Nigerian GAAP) and are therefore not directly comparable.

Other Financial Information:

Financial Summary

(All amounts are in thousands of naira)

Company

STATEMENT OF FINANCIAL POSITION

	31-Dec-2013	31-Dec-2012	31-Dec-2011	31-Dec-2010
Assets				
Cash and cash equivalents	1,602,854	3,038,255	2,838,505	3,660,134
Available-for-sale securities	423,376	302,897	203,272	302,498
Held-to-maturity securities	6,103,945	3,102,540	2,653,256	1,159,240
Loans and receivables	17,642	93,947	894,356	756,069
Pledged Assets	223,465	255,327	-	-
Trade receivables	18,073	676,606	1,113,754	1,183,502
Reinsurance assets	1,503,302	1,633,029	1,102,042	915,030
Deferred Acquisition Cost	115,036	67,655	49,825	47,765
Other receivables and prepayment	436,460	328,149	170,255	145,661
Investments in finance lease	62,432	141,653	80,601	153,724
Investment in subsidiary	1,000	1,000	1,000	1,000
Investment property	305,000	293,000	250,476	245,928
Intangible assets	-	-	2,364	9,495
Property, plant and equipment	1,262,355	1,140,076	1,419,479	1,450,444
Statutory deposits	315,000	315,000	315,000	315,000
Total assets	12,389,940	11,389,134	11,094,185	10,345,490
Liabilities				
Insurance contract liabilities	3,311,015	3,610,600	3,041,091	2,491,865
Trade payables	577,912	718,448	842,397	877,536
Provision and other payables	807,941	788,814	711,341	646,215
Current income tax liabilities	500,620	128,432	277,361	413,758
Deferred tax liability	360,472	242,982	126,235	51,053
Total liabilities	5,557,960	5,489,276	4,998,425	4,480,427
Equity				
Issued and paid share capital	3,300,000	3,300,000	3,300,000	3,300,000
Contingency reserve	1,361,912	1,085,720	946,869	855,046
Retained earnings	1,313,254	868,488	841,084	625,910
Asset revaluation reserve	930,023	819,968	1,301,118	1,298,581
Fair value reserve	(73,209)	(174,318)	(293,311)	(214,474)
Shareholders' funds	6,831,980	5,899,858	6,095,760	5,865,063

The financial information presented above reflects historical summaries based on International Financial Reporting Standards. Information related to prior periods have not been presented as they are based on a different financial reporting framework (Nigerian GAAP) and are therefore not directly comparable.

Other Financial Information:

Financial Summary

(All amounts are in thousands of naira)

Group

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	31-Dec-2013	31-Dec-2012	31-Dec-2011
Gross premium written	3,023,935	3,170,364	3,060,763
Premium earned	3,080,094	3,022,470	3,146,359
Profit before taxation	1,894,502	741,689	637,011
Taxation	(515,461)	(45,111)	(322,981)
Profit after taxation	1,379,041	696,578	314,030
Other comprehensive income	211,164	(362,157)	(76,300)
Total comprehensive income	1,590,205	334,421	237,730
Transfer to contingency reserves	276,192	138,851	91,823
Earnings per share - Basic (Kobo)	42	21	10

Company

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	31-Dec-2013	31-Dec-2012	31-Dec-2011
Gross premium written	3,023,935	3,170,364	3,060,763
Premium earned	3,080,094	3,022,470	3,146,359
Profit before taxation	1,892,738	736,180	626,676
Taxation	(511,780)	(41,925)	(319,679)
Profit after taxation	1,380,958	694,255	306,997
Other comprehensive income	211,164	(362,157)	(76,300)
Total comprehensive income	1,592,122	332,098	230,697
Transfer to contingency reserves	276,192	138,851	91,823
Earnings per share - Basic (Kobo)	42	21	9

The financial information presented above reflects historical summaries based on International Financial Reporting Standards. Information related to prior periods have not been presented as they are based on a different financial reporting framework (Nigerian GAAP) and are therefore not directly comparable.

HEAD OFFICE:
Unitrust House, Plot 105B Ajose Adeogun Street,
Victoria Island, P.O.Box 1202, Marina, Lagos.
Telephone: 01-4617031-2, 4626850-2, 2701167-9.
Fax: 4626854, 2701165 GSM: 0803 600 0060

ABUJA OFFICE:
Dunes Center, 44 Aguiyi Ironsi Way, Maitama, Abuja
Telephone: 09-4612720-2

PORT HARCOURT OFFICE:
Plot 290 Danjuma Drive, Trans Amadi Industrial Layout, Port Harcourt.
Telephone: 084 461534-5 GSM: 0803 300 8740, 0803 300 8741

IBADAN BRANCH:
Broking House, 1 Alhaji Jimoh Odutola Road, Dugbe, Ibadan Oyo State.
Telephone: 01-8426655, 08163810554

Email: info@unitrustinsurance.net; **Website:** www.unitrustinsurance.net